# Massey's Modern Bookkeeping

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For the Exclusive Use of Massey's Practical Business Colleges.

# MASSEY'S MODERN BOOK-KEEPING

Taught by Actual Transactions.

BY RICHARD W. MASSEY,

With the Collaboration of W. A. Ross, J. M. Latham, and S. S. Hoover, Principals of the Massey Colleges.

This system of teaching by actual business transactions is copyrighted and published for the exclusive use of our students, thereby giving them a decided advantage over students attending schools where text-books on book-keeping are used.

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ATLANTA, GA.:
THE FOOTE & DAVIES COMPANY.
1896.

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# PRICE-LISTS TO BE USED IN WORKING THE EXAMPLES FOR PRACTICE.

| BUYING PRICE. | | | | | | | | | | | | | SELLING PRICE. | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 19 | 21½ | 21 | 20¼ | 20 | 20 | 18¾ | 18 | 19½ | 19 | 20 | 19 | ..Coffee, choice.. | 22 | 24 | 21 | 22 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 22 |
| 20 | 19 | 22 | 21 | 21½ | 21 | 21 | 20 | 21 | 20 | 20 | 22 | .. " fancy... | 25 | 25 | 24 | 26 | 24 | 24 | 25 | 26 | 26 | 26 | 28 | 26 |
| 6 | 6½ | 7 | 7 | 7½ | 7 | 6 | 6 | 8½ | 8 | 7 | 8 | ....Crackers .... | 11 | 10 | 9 | 9½ | 10 | 11½ | 12 | 12 | 11 | 12 | 11 | 10 |
| 6 | 6 | 5½ | 6 | 5¼ | 5 | 5 | 4¾ | 5½ | 5 | 5 | 5½ | ..Candy, stick.. | 9½ | 9 | 9¼ | 9½ | 9 | 10 | 10½ | 10¼ | 10 | 9¾ | 10 | 10 |
| 13 | 12 | 13 | 12½ | 12 | 12 | 12 | 13 | 13 | 12 | 11 | 10 | .. " fancy. | 15 | 16 | 17 | 18 | 19 | 15½ | 16½ | 17½ | 18½ | 16 | 17¼ | 13¼ |
| 13 | 13 | 12 | 12½ | 12 | 12 | 11½ | 11 | 10¼ | 10 | 9 | 10 | ..... Cheese. .... | 13 | 13½ | 14 | 14½ | 15 | 15½ | 16 | 16½ | 17 | 17½ | 16¾ | 17 |
| 12 | 11½ | 11 | 10 | 9½ | 9½ | 9 | 9 | 9 | 9 | 8 | 8½ | .....Eggs..... | 10 | 11 | 12 | 13 | 13½ | 14 | 12½ | 13 | 14 | 16 | 17 | 18 |
| 3 00 | 2 75 | 2 50 | 2 75 | 2 10 | 2 00 | 2 00 | 2 75 | 2 00 | 2 50 | 2 00 | 2 05 | ..Flour, family.. | 3 00 | 3 00 | 4 00 | 3 00 | 4 00 | 3 00 | 3 50 | 3 25 | 4 00 | 3 75 | 4 00 | 4 25 |
| 4 00 | 3 75 | 3 25 | 3 75 | 3 00 | 3 25 | 3 00 | 3 25 | 3 00 | 3 00 | 3 00 | 2 50 | .. " fancy .. | 4 00 | 4 00 | 4 25 | 3 75 | 4 50 | 4 00 | 4 25 | 4 00 | 4 75 | 4 50 | 4 75 | 5 00 |
| 2 05 | 2 00 | 2 00 | 1 75 | 1 80 | 1 80 | 1 90 | 1 90 | 2 00 | 1 75 | 2 00 | 2 00 | .Potatoes, Irish | 2 75 | 2 50 | 2 75 | 2 60 | 2 50 | 2 40 | 2 30 | 2 40 | 2 45 | 2 50 | 2 55 | 2 60 |
| 45 | 40 | 45 | 45 | 40 | 30 | 30 | 40 | 50 | 45 | 40 | 40 | " sweet | 50 | 55 | 60 | 62 | 50 | 55 | 40 | 45 | 55 | 60 | 65 | 60 |
| 4 | 4 | 4 | 3½ | 4 | 4 | 4 | 3¾ | 4 | 4½ | 4 | 4 | .....Rice..... | 5 | 5½ | 5¼ | 5 | 4¾ | 5 | 5½ | 5½ | 6 | 6½ | 6 | 6 |

NOTE.—Apply to your teacher for the number of Price-List which you are to use, and copy it on a separate sheet of paper. Be sure your figures are correct.

# PREFACE.

THIS is an age of intense practicability, and the science of accounts, as well as business practices, and customs, should be taught in a practical manner, with real transactions, not by theory or imaginary transactions, as is too often the case where the teacher has no further experience in book-keeping than that which he gained from a text-book.

We learn by doing, and *actual business from the beginning* has its manifold advantages.

The best part of the author's extensive experience, both as an expert accountant and teacher, is incorporated in these lessons, and it is believed that they have a greater degree of perfection than it is customary to find in works on book-keeping.

The one great aim of the work is to teach business as practiced by the leading business men of to-day, enabling students to leave the Massey Colleges thoroughly equipped for any kind of business.

R. W. M.

# TO THE STUDENT.

AS YOU enter upon the study of book-keeping, remember there is no royal road to learning, and the student who would succeed must apply himself. No teacher, whatever his abilities may be, can force an education upon an unwilling pupil; neither can a teacher educate a persistently idle pupil. Within yourself lies the material for either success or failure. Make the most of your opportunities, and do nothing without system. Neatness, cleanliness, and accuracy should characterize your work throughout.

Be self-reliant and never ask help until your own resources have been exhausted. Your teacher is your best friend, but it is well to remember that it is his duty to *guide* you and *not to do your work.*

You are preparing for life's work, and educated labor is always in demand. The master mechanic commands the highest salary; the best book-keepers are never out of employment long at a time; the heads of departments, who know more than you, draw the heaviest envelopes.

The object of education is, or ought to be, practical utility. We study because learning has its market value; because educated men can make money more readily and more surely than uneducated men can; because an education will open up to us more agreeable pursuits than untaught men can follow.

It is believed that our system, when conscientiously followed, will develop that which is best in the student, and such is my sincere desire.

Sincerely yours,

THE AUTHOR.

*December 16, 1896.*

# Massey's Modern Book-keeping.

## INTRODUCTORY PART.

1. **Book-keeping** is a systematic record of business transactions.

2. **A Business Transaction** is an exchange of values.

3. **Value** is the worth—real or estimated—of anything.

4. Book-keeping is divided into two general classes—**Double Entry** and **Single Entry**.

5. In **Single Entry,** accounts are kept with persons only; while in **Double Entry** additional Ledger accounts are opened with merchandise, cash, bills receivable, bills payable, interest, discount, etc.

6. **The Day-book** is the book in which is written the complete history of the business transactions.

(For illustration of Day-book, see page 35.)

7. **The Journal** is the book in which are arranged the debits and credits of accounts in a convenient form for posting to the Ledger.

(For illustration of Journal, see page 37.)

8. **Journalizing** is deciding upon debits and credits.

9. **The Ledger** is the book wherein the debits and credits are collected under their proper Ledger titles.

(For form of Ledger, see page 39.)

10. **Posting** is carrying the items and amounts from the Journal to the proper accounts in the Ledger.

11. **An Account** is a collection of debits and credits of the same kind, arranged under a proper heading in the Ledger.

**12. The Left Side** of an account is known as the *debit side*; the **Right Side** of an account is known as the *credit side*.

**13. Debtor** is abbreviated Dr., and **credit** or **creditor,** Cr.

**14. Brief Rule for Journalizing:** Debit what you receive or what costs value; and credit what you sell or what produces you value.

(**Illustration:** We buy from a merchant 5 bbls. of flour @ $3.00 per bbl., paying cash for same. We would **debit** Merchandise, because we receive it or it has cost us value. We would **credit** Cash because it was paid out.)

**15. A Trial-balance** is a collection of debits and credits taken from the Ledger and added to see if the Ledger is in balance. The sum of the debits must always equal the sum of the credits.

(For illustration of Trial-balance, see page 41.)

**16.** There are two **Classes of Accounts** in the Ledger —one showing the losses and gains of the business (called Loss and Gain Accounts), the other the resources and liabilities (called Resource and Liability Accounts).

**17. Resources** (sometimes called Assets) mean the entire property belonging to a business. **Liabilities** are debts, and include all which the business owes, both on open accounts and notes.

**18.** When the **Debit** (that is, left) side of an account is the larger, the difference, if the account belongs to the loss and gain class, shows a loss; if the account belongs to the resource and liability class, a resource. If the **credit** (that is, right) side is the larger, a gain as above, or a liability as above.

(For illustration of Loss and Gain Account, see the following form:)

MERCHANDISE.

| 1896 | | | | | 1896 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Jan. | 4 | | 5 | 520 | Jan. | 4 | | 4 | 120 75 |
| " | 7 | | 8 | 110 | " | 6 | | 5 | 50 |
| | | | | | | 8 | | 8 | 400 |

From this account we find that merchandise cost $630.00. We also find that merchandise to the value of $570.75 was sold. This would show a loss of $59.25 if all the goods bought had been sold. By examining our stock, however, we find that we have goods to the value of $200.00 remaining unsold, which, added to the sales, makes a total credit of $770.75. From this amount subtract the cost and we find a gain of $140.75.

| | | |
|---|---|---|
| Merchandise sales | | $570 75 |
| " | on hand | 200 |
| " | total | 770 75 |
| " | cost | 630 |
| " | gain | 140 75 |

W. C. CLARK.

| 1896 | | | | | | 1896 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan. | 7 | | 9 | 84 | 00 | Jan. | 10 | | 7 | 100 | 00 |

From this account we find that W. C. Clark owes us $840.00. We owe him $100.00. The difference—$740.00—is the net amount of his indebtedness to us, which is a resource.

J. A. KIRVEN & CO.

| 1896 | | | | | | 1896 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan. | 7 | | 9 | 400 | 50 | Jan. | 10 | | 7 | 1000 | |

From this account we find that we owe J. A. Kirven & Co. $1000.50. We also find that they owe us $400.50. The difference—$600.00—is the net amount we owe them, hence a liability.

**19. Statements** (sometimes called Balance-sheets or Test Statements) are made from the Trial-balance and inventories, to show the net loss or gain and the total resources and liabilities before closing the Ledger.

(For completed Statement, see page 41.)

**20. An Account is Closed** to show, in a single sum, the amount of loss or gain, or the resource or liability of that particular Account.

(See form of Ledger closed, on page 42.)

**21. Closing Ledger Accounts.** In closing a Personal Account, write in red ink on the smaller side, first the date in the date column, second the word "Balance" in the explanation column, and then the difference between the two sides in the amount column. In closing a Loss and Gain Account without an inventory, write in red ink on the smaller side, first the date in the date column, second, the word "Loss," if the debit is larger than the credit, or "Gain," if *vice versa*, in the explanation column, and then the difference between the two sides in the amount column.

In closing a Loss and Gain Account having a resource inventory, we proceed as outlined above, first having written in red ink on credit side of the account, date, inventory and the amount.

(For forms of Loss and Gain Accounts closed, see page 42.)

**22. Ruling** should be made with *red* ink, single lines being used above the footings and double lines below to show that the account is closed.

(For form of Ruling, see Ledger Accounts, page 42.)

**23. Merchandise Account** is used to show the loss or gain on Merchandise. It is debited for the value of Merchandise bought, goods returned to us by others, and goods invested at the beginning of the business. It is credited for the value of goods sold and returned to others by us.

(For illustration of Merchandise Account, see form under paragraph 18, page 6.)

**24. The Inventory** (goods on hand) is found by examining the stock and making a list of the goods on hand. It is added to the credit side of an account before the loss or gain is found. If the debit side is larger, the difference shows a loss, if the credit side is larger, it shows a gain.

(See how Inventory is added to the credit side of Merchandise Account, page 42.)

**25. Cash Account** is used to show the receipts and payments of Cash. It is debited when Cash is received; credited when Cash is paid out. This account always shows a resource, as more Cash cannot be paid out than that which has been received. Sight drafts payable to

us, bank drafts, checks of others, money orders, etc., are considered Cash.

(For illustration, see the following form :)

CASH.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Jan. | 9 | | 7 | 1500 | | Jan. | 10 | 8 | 500 |
| | | | | | | " | 16 | 10 | 600 |

Cash received.....$1 500.00
Cash paid out..... 1 100.00

Cash on hand.....$ 400.00

**26. Personal Accounts** are used to show what we owe others or what others owe us. They are debited when we sell to persons on account, or pay them on account. They are credited when we buy of persons on account, or they pay us on account. The difference will show a resource if the debit side is the larger; a liability if the credit side is the larger.

(For illustrations, see Accounts of W. C. Clark and J. A. Kirven & Co., page 7.)

**27. Bills Payable Account** is used to show the amount due others on our notes or acceptances. It is credited when we give our notes and accept others drafts on us; it is debited when we pay our notes or acceptances. The difference, if any, will always show a liability, as we cannot redeem more of our notes or acceptances than we have issued. Bills Payable are always recorded at their face value.

**28. Bills Receivable Account** is used to show the amount due us on others' notes or acceptances. It is debited when we receive another person's note or acceptance. It is credited whenever another person pays us for his note or acceptance. The difference, if any, will always be a resource, as we cannot collect for more notes than those we have received. Bills Receivable, like Bills Payable, are always debited and credited at their face value.

**29. Interest Account** is used to show the loss or gain on Interest. It is debited when Interest is allowed to

others; it is credited when Interest is allowed to us. The difference will show a loss if the debit side is the larger; a gain if the credit is the larger.

**30. Discount Account** is used to show the loss or gain on Discount. It is debited when Discount is allowed to others; it is credited when Discount is allowed to us. The difference will show a loss if the debit side is the larger; a gain if the credit side is the larger.

**31. Expense Account** is used to show the loss sustained in conducting the business. It is debited for the cost of conducting the business, and credited for the sale of anything previously debited to Expense. The difference in this account nearly always shows a loss.

**32. Ledger Bank Account.** It is customary with some book-keepers to have a Bank Account in their Ledger. When this is done the Bank should be **debited** for all deposits, and **credited** for all checks drawn upon it.

**33. Proprietor's Account** (sometimes called "Stock" Account) is used to show the Proprietor's interest in the business. It is **debited** for all debts that he owes, which are to be paid from the business, for any withdrawals, and for the net loss, if there be any. It is **credited** for all investments, and the net gain. The difference between the two sides, if the credit side is the larger, will show the present worth; if the debit is the larger, the net insolvency.

**34. Filing Invoices.** Students should receive a Bill for each purchase made and carefully paste the same in the Book of Invoices for future reference. No grades will be granted on any set unless a Bill is shown for every purchase made.

**35. Receipts.** The object in giving or receiving a Receipt is to furnish proof of payment; and it therefore constitutes evidence of great weight, although it is not conclusive proof of payment. The custom of taking Receipts for all payments of money cannot be too fully observed, and once taken, they should ALWAYS BE PRESERVED.

## 36. Forms of Receipts.

RECEIPT FOR RENT PAID.

*$35.00.* MONTGOMERY, ALA., *Jan. 2*, 1896.

Received from *S. S. Hoover* .....

*Thirty-five* $\frac{00}{100}$ .....Dollars

in payment of rent for *storehouse* No. *67 Dexter Avenue* for the month ending *Jan. 31*, 1896.

*A. Landlord.*

RECEIPT FOR MONEY PAID ON ACCOUNT.

*$25.00.* MONTGOMERY, ALA., *Jan. 2*, 1896.

Received from *A. Dexter & Co.*.....

*Twenty-five* $\frac{00}{100}$ .....Dollars

to apply on account.

*A. Student & Co.*

FORM OF BILL.

ATLANTA, GA., *April 6*, 1895.

*Mr. T. E. Berry*.....

BOUGHT OF J. M. High & Co.,

DEALERS IN

**Dry Goods, Fancy Articles, Notions, Etc.**

*30 days, less 5 per cent. 10 days.*

TERMS:.....

| | | | | | | |
|---|---|---|---|---|---|---|
| *15* | *yds. Burnett Silk @ $1.00* | *15* | | | | |
| *10* | " *W. C. Lace @ .10* | *1* | | | | |
| *1* | " *Atlanta Cotton @ .05* | | *05* | | | |
| *100* | " *Eagle Cotton @ .06* | *6* | | | | |
| | | | | *22* | *05* | |

**37. Bills and Invoices.** Sometimes a Bill, or Invoice, is given at the time of purchase, but usually it is sent when the goods are delivered. A Bill should specify the date, place of sale, name of buyer and seller, and contain a description of the goods sold. Terms of the sale also should be specified.

**38. Checking Invoices.** When goods are received, the quality and quantity are compared with the Invoice to see if all is correct; then it is checked O. K. All Invoices received should be carefully filed away or pasted in Book of Invoices for future reference.

**39. Statements of Accounts.** A Statement of an account is simply a statement of the debit, or the debits and credits, of an account as shown by the Ledger. As itemized bills are generally given with the sales, it is unnecessary to itemize the statement. It should, however, exhibit each debit and credit, together with the dates. It is customary with book-keepers to render Statements on the first of each month. The up-to-date accountant will have all of his Statements ready to mail on the first day.

**40. Banks.** To many people, everything connected with financial institutions seems to be mysterious; yet there is scarcely anything plainer than the business of Banking. A **Bank** is simply a place where money is deposited, either with or without interest, subject to the demands of the depositor.

**41. Money** is a medium by which business transactions are carried on with all parts of the world, and the care and the investment of it is learned by **education** and **experience**.

**42. Opening a Bank Account.** When you wish to open a Bank Account, if possible, get an introduction to the cashier of the Bank. Frankly tell him about the volume of business you will probably do with the Bank and such other information as he may likely desire. The cashier will have you place your **signature** in a book kept for this purpose.

**43. Check Signatures.** In writing your name in the **Signature-book,** you should use the style of signature you intend to adopt for signing all checks. Never change that style of signature. Always write it the same way.

**44. Deposit Slips** are slips upon which a record is made of the cash, checks, drafts, etc., to be deposited in the Bank. We fill out the deposit ticket and present it with the cash, checks, etc. (the checks being properly indorsed), at the Bank. Then the banker will enter the amount of our deposit in our Bank pass-book.

FORM OF DEPOSIT SLIP.

FOURTH NATIONAL BANK,
COLUMBUS, GA.

Deposited ..... *January 7,* 1896.

By *W. T. Daniels & Co.* .....

| | | |
|---|---|---|
| Bills . . . . . | *125* | |
| Coin . . . . . | *750* | |
| Checks . . . . . | | |
| (ENTER EACH CHECK.) | | |
| *W. A. Ross,* | *100* | |
| *S. S. Hoover,* | *125* | *75* |
| *Lacy & Co.,* | *150* | |
| Total . . . . . | *1250* | *75* |

**45. Pass-book.** On opening a Bank Account, a Pass-book is furnished to the depositor, in which are entered all

deposits made. This book should be left with the Bank at the end of each month to be balanced. The student, in the following work, should have his Pass-book balanced at the end of each set.

**46. Checks** are written orders for money, drawn on a Bank or banker by a depositor, payable on demand to the person named therein, or to his order, or bearer.

(For form of Check-book, see page 43.)

**47. Overdrafts.** To overdraw is to give checks for more money than you have to your credit in the Bank.

An amusing story is told of a lady who opened an account, receiving a check-book. In doing her shopping, she very soon had given checks for more money than she had deposited. Upon being notified of the fact by her bankers, she became quite indignant, and said the bank had better get a new book-keeper, as she had still several checks left.

MORAL:—Never overdraw your Bank Account.

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## SPECIAL DIRECTIONS.

One of the first elements of good book-keeping is *neatness*. Business men require that their books be *neatly*, as well as *correctly* kept. The writing in a set of books should be neat, plain, smooth, rapid and legible, and without shading. The figures should be written small and plain, and ruling done with care. Great care should be taken to avoid blots and erasures, and that the books should present a generally neat and creditable appearance, both inside and outside.

# SET ONE.

**48. The Object of Set One** is to explain book-keeping in its simplest form, giving the accountant's routine from the time the first transaction occurs until the Ledger is ruled and closed. *This set should be thoroughly understood* and the student who leaves it without this knowledge does himself a great injustice.

**49. The Books used** in this set are: First, the **Day-book;** second, the **Journal;** third, the **Ledger.** The manner of opening a **Bank Account** is also explained in this set, as well as the use of the Check-book and Bank pass-book.

**Note to Student.**—Before beginning Set One, read pages 3 and 4, also paragraph 22. The next step is to turn to your "Practice Ledger" and rule carefully two pages, using red ink, For form of Ledger ruling, see page 42. When completed, present Ledger to your teacher. If accepted, return to your seat and commit to memory paragraphs 1 to 6, inclusive.

*It is absolutely necessary for the student to carefully follow directions given, especially the notes after each transaction. Rely upon yourself as far as possible.*

## SET ONE. TRANSACTIONS.

(1) Begin a Retail Grocery business with a cash capital of $2000.00.

**Note.**—Apply to your teacher for $2000.00, the amount you are to invest in business. He will give you a check, payable to your order, for this amount. Write your name across the back on the left-hand side and present at the Bank to be cashed. Carefully count the money received. Return to your seat and turn to your Day-book. Make the following, writing on the blue line at the top of the *first* page, the name of your city and State, and the date (month, day and year).

(*City*....., *State*....., *Date*.....189..)

| | | | | |
|---|---|---|---|---|
| | (*Write your name here*) *began a Retail Grocery business. Invested Cash,* | | | 2000 |

Now place a check-mark (✓) opposite transaction one, in your instruction book, to show that you have performed it. Place a check-mark to each transaction as performed.

(2) You will now open a Bank Account by depositing to your credit, the money received from your teacher

**Note.**—Turn to page 12 and carefully read paragraphs 40 to 47, inclusive. Apply to some one of your fellow-students for a letter of introduction—see form in "Model Book" on teacher's desk—which present to the cashier of the Bank, together with deposit slip—see form under paragraph 44—Bank pass-book and money. Write your signature in Signature-book. Return to your seat and and record in your Day-book, just below last entry, leaving one line blank below first transaction, as follows: (Also write on the stub of your check-book, "Deposited $2000.00," with date. For form of check-book, see page 43.)

| | | | | | |
|---|---|---|---|---|---|
| | *Deposited in (name of) Bank* | | | | |
| | *Cash* | | | | 2000 |

(3) Rent a store and pay one month's rent, $35.00. Buy office books and stationery, $20.00.

**Note.**—Write a check, payable to your teacher (see form on page 43) for $55.00. Be sure to subtract the amount of this check from deposit already entered on stub of check-book. Present a receipt, properly filled out (see form on page 11), for his signature. No receipt is necessary for amount paid for books. Commit to memory paragraph 35. Place receipt received from your teacher in a large envelope and label "Receipts." All receipts received in the future should be placed in this envelope. Next turn to your Day-book, and one line below the last entry, write precisely as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Gave check for* | | | | |
| | *Rent, one month from date,* | | 35 | | |
| | *Office books and stationery,* | | 20 | | 55 |

(4) Buy from R. W. Massey & Co., terms check:
100 Bbls. Family Flour @ $3.00.

**Note.**—Students of the night school will buy from wholesale house doing business at nights. Write check favor of R. W. Massey & Co. (or night wholesale house) for $300.00, and present with order blank, properly filled out, to the wholesale house and receive the goods. Now turn to paragraph 38, and carefully read.

You should receive with the goods just purchased an invoice (or bill) which you will number as No. 1, and paste in your "Book of Invoices" for future reference. Now turn to your **Day-book** and record as follows:

| | | | | |
|---|---|---|---|---|
| | *Bought from R. W. Massey & Co*, *check*,<br>100 *Bbls. Family Flour* @ $3 00<br>*Invoice No.* 1. | | | 300 |

(5) Sell your teacher, terms cash:

90 Bbls. Family Flour @ $4.00.

**Note.**—Write invoice and present with merchandise to your teacher and collect cash for the amount. Read paragraph 37 and see form of bill on page 11. Now turn to your Day-book and record as follows:

| | | | | |
|---|---|---|---|---|
| | *Sold (teacher's name), cash*,<br>90 *Bbls. Family Flour* @ $4.00 | | | 360 |

(6) Buy from Southern Commission Co., terms on account:

10 Cases, 360 doz., Eggs @ 10c.

**Note.**—Call on your teacher, who represents Southern Commission Co., for the goods. You should always receive an invoice (or bill) for all purchases you make, excepting from firms represented by your teacher. When the firm is represented by your teacher, make out the bill from him to you, and present to him for the merchandise. Then record in Day-book as follows:

| | | | | |
|---|---|---|---|---|
| | *Bought of So. Com. Co., on acc't*,<br>10 *Cases*, 360 *doz.*, *Eggs* @ .10 | | | 36 |

(7) Sell Amory Dexter & Co., terms on account:

5 Cases, 180 doz., Eggs @ 15c.

**Note.**—Deliver merchandise, with invoice, to your teacher, who represents this firm, and record in Day-book as follows:

| | | | | |
|---|---|---|---|---|
| | *Sold Amory Dexter & Co., on acc't*,<br>5 *Cases*, 180 *doz.*, *Eggs* @ .15, | | | 27 |

(8) Buy from J. A. Power & Co., terms check:

1 Sack, 125 lbs., Fancy Coffee @ 20c.

1 Box, 25 lbs., XXX Crackers @ 6c.

1 Box, 35 lbs., Cheese @ 13c.

**Note.**—Draw check to the order of J. A. Power & Co., and present to teacher and receive merchandise. Record in Day-book as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Bought of J. A. Power & Co., check,* | | | | |
| | 125 *Lbs. Fancy Coffee* @ .20 | 25 | | | |
| | 1 *Box*, 25 *lbs.*, *XXX Crackers* @ .06 | 1 | 50 | | |
| | 1 *Box*, 35 *lbs.*, *Cheese* @ .13 | 4 | 55 | 31 | 05 |

(9) Sell to W. P. Gould, terms cash:

1 Box, 35 lbs., Cheese @ 16c.

**Note.**—Deliver merchandise and invoice to teacher and receive cash. Receipt invoice and record in Day-book as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Sold W. P. Gould, cash,* | | | | |
| | 1 *Box*, 35 *lbs.*, *Cheese* @ .16 | | | 5 | 60 |

(10) Buy from Southern Commission Co., terms on account:

500 Lbs. Stick Candy @ 12c.

2 Buckets, 100 lbs., Fancy Candy @ 15c.

**Note.**—Call on teacher for goods. Record in Day-book as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Bought of So. Com. Co., on acc't,* | | | | |
| | 2 *Boxes*, 500 *lbs.*, *Stick Candy* @ .12 | 60 | | | |
| | 2 *Buckets*, 100 *lbs.*, *Fancy Candy* @ .15 | 15 | | 75 | |

(11) Sell Amory Dexter & Co., terms on account:

1 Sack, 125 lbs. Fancy Coffee @ 25c.

10 Bbls. Family Flour @ $3.50.

**Note.**—Deliver merchandise and invoice to teacher. Record in Day-book as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Sold Amory Dexter & Co., on acc't,* | | | | |
| | 1 *Sack*, 125 *lbs.*, *Fancy Coffee* @ .25 | 31 | 25 | | |
| | 10 *Bbls. Family Flour* @ $3.50 | 35 | | 66 | 25 |

(12) Pay Southern Commission Co., to apply on account, $25.00.

**Note.**—Write a check favor of Southern Commission Co., and hand to teacher and present a receipt properly written for his signature. File receipt in "Receipts" envelope. Turn to your Day-book and record as follows:

| | | | | | |
|---|---|---|---|---|---|
| | *Paid Southern Com. Co., on acc't,* | | | | |
| | *Check No.* 4, | | | 25 | |

(13) Collect cash $25.00 from Amory Dexter & Co., to apply on account.

**Note.**—Present receipt, properly written and signed to your teacher for the money. Turn to Day-book and record as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Amory Dexter & Co.* | | | | | | |
| | *Paid us on account,* | | | | | 25 | |

(14) Buy from R. W. Massey & Co., terms on account:

2 Boxes, 50 lbs., XXX Crackers @ 6c.

**Note.**—Present order blank to wholesale house and receive merchandise. Check invoice and if it corresponds with the goods received, number and file away in proper form in "Book of Invoices." Turn to your Day-book and record as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Bought of R. W. Massey & Co.,* | | | | | | |
| | *on acc't,* | | | | | | |
| | 2 *Boxes*, 50 *lbs.*, *Cra kers* @ .06 | | | | | 3 | |

(15) Buy of Amory Dexter & Co., terms on account:

10 Bbls. Family Flour @ $3.00.

**Note.**—Call on teacher for merchandise. Record in Day-book as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Bought of A. Dexter & Co., on acc't,* | | | | | | |
| | 10 *Bbls. Family Flour* @ $3.00 | | | | | 30 | |

(16) Buy from W. P. Gould, terms on account:

2 Sacks, 250 lbs , Fancy Coffee @ 20c.

1 Sack, 125 lbs., Choice Coffee @ 17c.

**Note.**—Get merchandise from teacher and record in Day-book as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Bought of W. P. Gould, on acc't,* | | | | | | |
| | 2 *Sacks*, 250 *lbs.*, *Fancy Coffee* @ .20 | 50 | | | | | |
| | 1 *Sack*, 125 *lbs.*, *Choice Coffee* @ .17 | 21 | 25 | | 71 | 25 | |

(17) Buy from Southern Commission Co., terms check:

1 Box, 35 lbs., Cheese @ 13c.

**Note.**—Write check payable to Southern Commission Co., or order, and present to teacher for merchandise. Turn to your Day-book and record as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Bought of Southern Com. Co., check,* | | | | | 4 | 55 |
| | 1 *Box*, 35 *lbs.*, *Cheese* @ .13 | | | | | | |

(18) Sell Amory Dexter & Co., terms on account:

3 Boxes, 75 lbs., XXX Crackers @ 12½c.

2 Bbls., 500 lbs., Stick Candy @ 20c.

**Note.**—Deliver merchandise and invoice to your teacher. Turn to your Day-book and record as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | *Sold Amory Dexter & Co., on account,* | | | | | |
| | | 3 *Boxes*, 75 *lbs.*, *XXX Crackers* @ .12½ | 9 | 38 | | | |
| | | 2 *Bbls.*, 500 *lbs.*, *Stick Candy* @ .20. | 100 | | | 109 | 38 |

(19) Student may now take an inventory of the goods on hand and enter in Day-book.

**Note.**—Read paragraph 24 and turn to your Day-book and write as follows:

INVENTORY.

| | | | | | |
|---|---|---|---|---|---|
| | 2 *Buckets*, 100 *lbs.*, *Fancy Candy* @ .12 | | | $ 12 | 00 |
| | 2 *Sacks*, 250 *lbs.*, *Fancy Coffee* @ .20 | | | 50 | 00 |
| | 1 *Sack*, 125 *lbs.*, *Choice Coffee* @ .17 | | | 21 | 25 |
| | 10 *Bbls. Family Flour* @ $3.00 | | | 30 | 00 |
| | 1 *Box*, 35 *lbs.*, *Cheese* @ .13 | | | 4 | 55 |
| | 5 *Cases*, 180 *doz.*, *Eggs* @ .10 | | | 18 | 00 |
| | | | | $135 | 80 |

## DIRECTIONS FOR JOURNALIZING.

**50.** As the student has now recorded in the Day-book the transactions as they were performed, he is ready to take up the next step—Journalizing.

First, however, paragraphs 7, 8, and 14 should be thoroughly committed to memory. Students are provided with two Journals, one the "Practice" Journal, and the other the "Permanent" Journal. Open your "Practice Journal" by writing the name of your city, State, and date of the first transaction, same as in the Day-book. Reading the first transaction in the Day-book, we find that *Cash* to the amount of $2,000.00 was received into the business. Write "Cash" on the first blue line in the Journal, and in the first (debit) column write the amount ($2,000), omitting cents. This *debits* Cash. Now turn immediately to paragraph 25 and commit to memory the rule for journalizing Cash. We *debit* Cash because the business receives that amount. On the next line write your name, beginning about the middle of the wide space. Write the amount ($2,000) in the second (credit) column, opposite your name. This *credits* you for your investment. Now turn immediately to paragraph 33 and commit to memory the rule for journalizing the Proprietor's Account. Your entry, when completed, will appear thus:

(*City*....., *State*....., *Date* .... ....189..)

| | | | | |
|---|---|---|---|---|
| | *Cash,* | 2000 | | |
| | *To A. Student,* | | | 2000 |

**51.** Next place a check-mark (✓) in the Day-book to the left of the transaction, on the last line, to show that the fact has been journalized. Leave one blank line after each journal entry.

**52.** Referring again to the Day-book, we find that *Cash $2,000* was deposited to our credit in the Bank. We *debit* the Bank because the money has been placed there to our

credit. Turn immediately to paragraph 32 and commit to memory the rule for journalizing Bank Account. We *credit* cash because it goes out of our possession. When completed, this Journal entry will stand thus:

| | | | | | |
|---|---|---|---|---|---|
| | *(Name of) Bank,* | | 2000 | | |
| | *To Cash,* | | | | 2000 |

Now place a check-mark opposite the second fact in the Day-book to show that the same has been journalized.

**53.** Reading the next transaction in the Day-book, we find that *books*, etc., were bought for office use, and *rent* was paid by check. The sum of these two items is to be *charged* to Expense Account. Turn immediately to paragraph 31 and commit to memory the rule for journalizing Expense Account. We credit the Bank, because a check was drawn upon it. When completed, the entry will stand thus:

| | | | | | |
|---|---|---|---|---|---|
| | *Expense,* | | 55 | | |
| | *To (name of) Bank,* | | | | 55 |

Next place a check-mark opposite the third fact in the Day-book, to show that this transaction has been journalized.

**54.** Referring again to the Day-book, we find that *Merchandise* to the value of $300 was bought from R. W. Massey & Co. (or night wholesale house), and a check was given in payment therefor. In this entry, we *debit* Merchandise $300, because it costs us this amount. Turn immediately to paragraph 23 and commit to memory the rule for journalizing Merchandise Account. We *credit* Bank because we have given a check for the Merchandise bought. The Journal entry will appear thus:

| | | | | | |
|---|---|---|---|---|---|
| | *Merchandise,* | | 300 | | |
| | *To (name of) Bank,* | | | | 300 |

Next place a check-mark opposite the transaction in the Day-book.

**55.** The next transaction in the Day-book shows that *Merchandise* to the value of $360 was sold for cash. In this entry, we *debit* Cash because it was received into the

business, and *credit* Merchandise because it produced us value. The Journal entry will appear thus:

| | | | | | | |
|---|---|---|---|---|---|---|
| | | *Cash,* | | 360 | | |
| | | | *To Merchandise,* | | | 360 |

Next place a check-mark opposite the fact in the Day-book.

**56.** In the next Day-book entry we learn that *Merchandise* to the value of $36 was bought from the Southern Commission Co., on account; that is, on credit. We *debit* Merchandise because it cost us value, not in money, but it puts us in their debt. We *credit* Southern Commission Co. $36, because we owe them this amount, which we are to pay in the future. Turn immediately to paragraph 26 and commit to memory the rule for journalizing Personal Accounts. When completed, the entry will appear thus:

| | | | | | | |
|---|---|---|---|---|---|---|
| | | *Merchandise,* | | 36 | | |
| | | | *To Southern Com. Co.,* | | | 36 |

Next place a check-mark opposite the transaction in the Day-book.

**57.** The student may continue journalizing in this manner (see completed Journal on page 37) until the bottom of the first Journal page is reached; then he should add both money columns—first, from top to bottom, and then from bottom to top. If the sums of the two columns are the same, write the footings on the line below a red line. Now write the date of the next transaction at the top of the second page, **omitting the name of your city.** The student may continue until the journalizing is completed.

**Hand your** Journal to your teacher, and if it meets his approval, you will be ready to post to your "*Practice Ledger.*"

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## DIRECTIONS FOR POSTING.

**58. Before Proceeding** to post from the Journal to the Ledger, the student will commit to memory paragraphs 9 to 13, inclusive.

**59. Paging.** The student should now number the pages in his Practice Journal and Practice Ledger from first to last page, consecutively.

**60. Opening Accounts.** The Proprietor's or Partners' Accounts should, for convenience, always appear first in the Ledger. Where, for any reasons, it is desired not to make known the proprietor's investment, this account may be omitted entirely from the Ledger, or kept in a separate book. The student may now write in a large, plain style of penmanship the Ledger titles, and index them. On page 1, on the top blue line, about in middle of the page, write your name thus:

(STUDENT'S NAME.)

On page 2, open an account with Cash by writing a heading "Cash." On page 3, write the name of your "Bank." On page 4, write "Expense." On page 5, write "Merchandise." On page 6, write "Southern Commission Co." On page 7, write "Amory Dexter & Co." On page 8, write "R. W. Massey & Co.," or name of night wholesale house. On page 9, write "W. P. Gould." Care should be taken not to abbreviate the Ledger titles. Now turn to the index and carefully record the names and pages where the accounts can be found. Thus: On M page, write "Merchandise 5;" on D page, write "Dexter, Amory, & Co., 7," etc.

**61. Posting.** The first item in the Journal is Cash and it is debited. Turn to the "Cash" Account on page 2 of your "Practice Ledger" and on the left side—that is, debit side—write the month and day, in the date columns. Next place the year in which you are doing business above the date column. Next place the page of your "Prac-

tice Journal" in the page column, and write the amount ($2,000) in the money column, omitting cents.

(See form of Ledger on page 39.)

**62.** We have now posted the debit item, but we wish to show in the Journal that it has been posted. This is done by placing the Ledger page opposite the word "Cash" in the Journal. This process is called **post-marking**.

**63.** The next item in the Journal is your own name and is credited. Turn to your account on page 1, and since it is credited in the Journal we must make the entry upon the right side—that is, credit side—in the Ledger. Write first the month and the day (with the year written above). Then in the page column place the page of the Journal and write the amount ($2,000) in the money column, omitting cents as before. Now **post-mark** the entry by placing the page of your Ledger in the Journal, opposite your name.

**64.** The next Journal entry says that Bank is debited, and hence, turn to page 3 in your Ledger, and on the debit side write the year, month and day as before directed, placing the amount ($2,000) in the money column. Next **post-mark** the entry by placing the page of the Ledger opposite name of "Bank" in the Journal. The credit item of this entry is "Cash," and hence, turn to the "Cash" Account in your Ledger; on the credit side write date in month and day columns. In the page column place page number of Journal and place amount ($2,000) in money column. Next **post-mark** the entry by placing the page of the Ledger opposite the word "Cash" in the Journal.

**65.** The third Journal entry is "Expense" to "Bank," $55. Expense is debited, hence turn to the Expense Account on page 4 of the Ledger and on the debit side write the year, month and day in the date columns. Place the page of Journal in page column and extend the amount ($55) to the money column. The credit item of this is Bank, hence turn to Bank Account in your Ledger and on the credit side write date in proper columns, plac-

ing the Journal page in the page column and extending the amount ($55) to the money column. Next **post-mark** the entries in the Journal by placing the pages of Expense and Bank Accounts opposite their names in the Journal.

**66.** The student may now follow the order of posting as just outlined, **exercising great care** to get the items on the correct side in the Ledger.

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## DIRECTIONS FOR MAKING TRIAL-BALANCE AND BALANCE-SHEET.

**67.** Having finished posting, submit the work to your teacher for approval. Then turn to "Cash" Account; add the money column of the debit side, and write the sum in **small** pencil figures under the last amount recorded on that side of the account. (See your teacher if you need additional information.) Write the pencil figures close to the line, directly under last amount. Use a sharp pencil for this purpose, making the figures small and light. Foot the money column of the credit side same as debit side. Foot the remaining accounts in the same manner.

**68.** This being done, take a **Trial-balance** of the Ledger. Turn to your Trial-balance book and write, at the top on the first page, **Set One** (and date.) Write the names of the accounts in the order in which they appear on the Ledger, extending the debit amounts into the debit column, and the credit amounts into the credit column. (For form of Trial-balance, see page 41.) Now add the debit and credit columns, and if they agree you may proceed with the loss and gain, and resource and liability columns, which constitute the completed Balance-sheet. (For illustration, see Balance-sheet on page 41.) Before proceeding further, however, the student should commit to memory paragraphs 15 to 19, inclusive.

## LOSS AND GAIN COLUMNS.

**69.** By referring to the Trial-balance, you will find **Expense** is the first Loss and Gain Account in the Ledger. The value in the left—that is, cost side—is $55, from which there was no visible return; therefore, there is a loss of $55, because the left side of an account that belongs to the Loss and Gain class, is the cost side. Extend into the "Loss Column" opposite the word "Expense," the amount $55.

**70.** The next account belonging to this class is **Merchandise.**

The footing on the right side shows that the value of the Merchandise sales is $568.23. From the inventory, written in the Day-book, it is found that the value of Merchandise on hand is $135.80. Adding the value of the sales to the Merchandise on hand, gives the amount $704.03. Subtract from this amount the total cost, $550.85, and there is left the gain $153.18. Extend the gain on Merchandise, $153.18, into the "Gain Column" opposite the word "Merchandise."

**71.** The next step is to foot up the columns of Loss and Gain. As the total gains are larger than the total losses write in **red** ink, "Net Gain $98.18," extending the figures into the Loss Column. To prove the correctness of the calculation, add the two columns to see if the totals are the same. Next draw a single red line under the Loss and Gain Columns, above the footings, and double red lines under the footings.

**72. Present Worth.** When the amount gained or lost is found, the next step is to ascertain what you are worth. This may be done in two ways: First, if the amount gained ($98.18) during the first set be added to the amount invested ($2,000), it will show what you are worth at the end of the set ($2,098.18). The second method is to subtract the total liabilities from the total resources, and the difference will be the proprietor's "Present Worth." If the liabilities are larger, we are insolvent, *i. e.*, we owe more than we are worth.

## RESOURCE AND LIABILITY COLUMNS.

**73.** All Resources should be placed in the left-hand column, because if the left side of an account belonging to the Resource and Liability class is the larger, it shows that more has been received than has been given out, leaving something on hand that can be turned into money, or it shows debts owing to us, and is, therefore, a Resource. All Liabilities should be placed in the right-hand column, because if the right side of an account of the Resource and Liability class is the larger, it shows a debt we owe, and is, therefore, a Liability. Inventories are placed in the columns to which they belong—that is, if they show a Resource, they will be placed in the column with the other Resources; if they show a Liability, they will be placed in the column with the other Liabilities; always, however, in red ink.

**74.** In the Trial-balance, the first account belonging to the Resource and Liability class is

**Cash.**

From the Trial-balance it is found that the amount of

Cash received (Dr.) was.....$2,390.60
Cash paid out (Cr.) was.....$2,000.00
Leaving an amount of cash on hand, ———
A Resource of..... $ 390.60

Which amount extend into the Resource Column.

**75.** The next account belonging to the Resource and Liability class is

(———) **Bank.**

From the Trial-balance it is found that the amount of

Cash deposited (Dr.) was.....$2,000.00
Amount of checks given (Cr.) was.....$ 415.60
Leaving in Bank a net deposit, ———
A Resource of.....$1,584.40

Which amount extend into the Resource Column.

### Merchandise Inventory.

**76.** In the Day-book, page 36, it is found that the value of the Merchandise on hand is $135.80. This is a Resource and is written in **red** ink in the Resource Column.

### Southern Commission Co.

**77.** From this account it is found that

We bought of them on account (Cr.).....$111.00
We paid them on account (Dr.).....$ 25.00
The difference, what we owe them, ———
A Liability of.....$ 86.00
Which extend into the Liability Column.

### Amory Dexter & Co.

**78.** From this account in the Trial-balance it is learned that

We sold them on account (Dr.).....$202.63.
We received from them on account (Cr.) $ 55.00
The difference, what they owe us, ———
A Resource of.....$147.63.
Which amount is extended into the Resource Column.

### R. W. Massey & Co.

**79.** From this account in the Trial-balance it is learned that

We sold them on account (Dr.) nothing.
We bought of them on account (Cr.) Mdse. $3.00
This amount shows what we owe them, ———
A Liability of.....$3.00
Which amount is extended into the Liability Column.

### W. P. Gould.

**80.** From this account in the Trial-balance it is learned that we owe him $71.25, which is a Liability. Extend into the Liability Column the amount ($71.25), as we did the preceding entry.

**81.** Adding the two columns, it will be found that the

Total Resources are .....$2,258.43.
Total Liabilities are.....$ 160.25.

The difference (our Present Worth) is $2,098.18.

This Present Worth, found by subtracting the total Liabilities from the total Resources, agrees with the Present Worth found by adding the net gain to the net investment in the statement of losses and gains, and proves the first statement. Write in **red** ink "Present Worth" and extend the amount ($2,098.18) into the Liability Column, which will, when added, equal or balance the Resource Column. Rule single line across Resource and Liability Columns, below the Present Worth; foot the columns, then rule double lines across the same columns.

**82.** The student has now learned that a Balance-sheet is a condensed statement designed to show at a glance, all facts, in general, relating to the financial condition of the business. Having completed his Balance-sheet, the book-keeper lays the same upon the proprietor's desk for his inspection. By comparing the Balance-sheet with former Balance-sheets, he sees clearly and accurately the progress and tendency of the business.

The next step is

## CLOSING THE LEDGER ACCOUNTS.

**83.** In actual business, the accounts in the Ledger are closed but once or twice a year, and then only the accounts showing losses and gains, as the closing of these accounts is all that is necessary to show in the Ledger the gains and losses and the present worth of the proprietor. In these sets the accounts are closed often to give the students drill in closing accounts. In the first set, however, only the loss and gain accounts are closed. Accounts are closed for the purpose of showing in a single amount in each account, the gain or loss, or the resource or liability it represents in itself.

## LOSS AND GAIN ACCOUNT.

**84.** On page 10 of our Ledger we open an account with Loss and Gain. Under this account, we collect all Losses and Gains, taken from the various accounts as they are closed. The Losses are collected on the debit side, and the Gains on the credit side. After all Losses and Gains are collected under the "Loss and Gain Account," the difference between the two sides is carried to the Proprietor's Account. If the credit side of the "Loss and Gain Account" is larger, the difference shows the Net Gain which should be carried to the credit side of the Proprietor's Account. If the debit side is the larger, the difference shows the Net Loss, which should be carried to the debit side of the Proprietor's Account.

**85. Merchandise Account** is closed by writing **in red ink** on credit side on first vacant line, **Date, Inventory** $135.80, and writing **in red ink** on debit side, the amount of the gain on this account, which is $153.18. (See Merchandise Account closed and ruled on page 42.)

**86. Expense Account** is closed by writing **in red ink** on the credit side on first line the date in the date column, the word "Loss" in the explanation column, the page of the "Loss and Gain Account" in the page column and the amount ($55) in the credit amount column.

**87. In ruling** an account, draw the red line **directly under** the blue line. In the double ruling, draw the lines as close together as possible not having them run together. Rule on the **same blue line** on both sides of the account.

**88. Transferring Red Ink Entries.** First, transfer the gain to the credit side of the Loss and Gain Account on page 10. Write **in black ink**, Date, Merchandise $153.18 (enter in page column, the page of Merchandise Account, which is 5). Next return to the Merchandise Account and put the page of Loss and Gain Account opposite the word "Gain" in the page column. Now turn to the Expense Account on page 4, and you will find a red ink entry of $55, which is to be transferred to the Loss and Gain account.

Under this account on page 10 on the debit side, write in black ink, Date, Expense $55 (enter in page column, the page of Expense Account). The Loss and Gain Account is now ready to be closed. Write in **red** ink on debit side, Date, Net gain $98.18, writing page of Proprietor's Account in page column. Transfer in black ink the amount ($98.18) to the credit side of the Proprietor's Account, which credits him for his net gain. On debit side of Proprietor's Account, write in **red** ink, Date, Present Worth $2098.18. Rule all the Ledger Accounts now, in red ink, then insert all total footings in black ink, after which bring down below the ruling on the opposite side all resource and liability excesses.

**89. Second Trial-balance.** To be sure that the Ledger remains in balance after it has been closed, it is well to make a second Trial-balance. **This is especially important for beginners, and, if faithfully observed, will be the means of saving much trouble and annoyance.**

The second Trial-balance consists simply in adding all the debits and credits as they appear on the Ledger after the Ledger has been closed.

**90. Good Books.** Having finished closing your "Practice Ledger," hand it to your teacher for examination. If approved, **carefully** copy into your "Good Ledger." The student should take great pains in doing this work, holding a blotter under his hand and doing the copying in an absolutely **neat** manner. Remember that neatness is essential to success as an accountant. The "Practice Journal" should also be copied into the "Good Journal."

The student should now carefully study the following

## REVIEW QUESTIONS.

1. What is Book-keeping? 2. What is a Business Transaction? 3. Give definition of Value. 4. Into how many classes is Book-keeping divided, and what are they? 5. In Single Entry, what kind of accounts are kept? 5. In Double Entry, what kind of accounts are kept? 6. Explain the use of the Day-book. 7. The Journal. 9. The Ledger. 8. What is Journalizing? 10. What is Posting? 11. What is an Account? 12. Which is the Debit side, and which is the Credit side of an account? 13. How are debtor and creditor abbreviated? 14. Give brief rule for Journalizing. 15. What is a Trial-balance? Does the Trial-balance prove the work correct? Why not? How would you proceed to take a Trial-balance? What should be done when the footings of the Trial-balance are not equal? 16. Into how many general classes are accounts divided? What does each show? 17. What are Resources? What Liabilities? 18. When does an account show a Loss? When a Gain? When a Resource? When a Liability? 19. What is a Statement and how made? What does it exhibit? In what columns are Inventories entered? 20. Why is an account closed? 21. How are Personal Accounts closed? How are Loss and Gain Accounts closed? 22. Ruling should be done in what color of ink? 23. For what is Merchandise debited? For what credited? What does the difference between the Debit and Credit sides show? When a portion of the goods remain unsold, what must be done to find the gain or loss? When does Merchandise Account show a loss? When a gain? 24. What is an Inventory and how found? Does an Inventory represent a a resource or a liability? 25. When is cash debited? When credited? What is considered money? What does the difference between the sides of the Cash Account show? Is cash on hand a resource or a liability? Which side of Cash Account must be greater when there is any difference? Why? 26. When are persons debited? When credited? When is a Personal Account a resource? When a liability 31. For what is Expense debited? For what credited? What does Expense Account generally show? What is charged under the title Expense? 32. What is a Ledger Bank Account? When is Bank debited? When credited? 33. For what is the Proprietor credited? For what is he debited? What is the difference between the sides of the Proprietor's Account at commencing business called? What title is sometimes used instead of the proprietor's name? 34. In what manner should Invoices be filed? 35. What is a Receipt? Why should it be preserved? 38. What is meant by checking invoices? 40. What is a Bank? 41. What is Money? 42. Explain the man-

ner of opening a Bank Account. 43. How should signatures to checks be written? 44. What is a Deposit Slip and how used? 45. What is a Pass-book? 46. What is a Check? 47. What is meant by Overdraft?

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### Miscellaneous Questions.

How is an Inventory found, and at what price are the goods estimated? What is the object of making a Balance-sheet? How is the Proprietor's Present Worth found? How can the Present Worth be proved? When the losses of a business exceed the gains, what is the difference called? In such cases how is the Present Worth found? When is the Proprietor said to be insolvent? When it is desired to make the Proprietor's Account exhibit the Present Worth, what is it necessary to do? Why is it not necessary to close all accounts in the Ledger? What is the first step to take in closing the accounts that show the losses and gains? How is Merchandise Account closed? How is the Expense Account closed? How is Loss and Gain Account closed? How is the Proprietor's Account closed? What does this account then exhibit? How long will it continue to exhibit the Present Worth, and why?

# DAY-BOOK, SET ONE.

*Montgomery, Ala., February 1, 1896.*

| | | | | |
|---|---|---|---|---|
| (Write your name here) *began a Retail Grocery business. Invested Cash,* | | | 2000 | |
| 2 | | | | |
| *Deposited in* (Name of Bank), *Cash,* | | | 2000 | |
| 3 | | | | |
| *Gave check for* | | | | |
| *Rent, one month from date,* | 35 | | | |
| *Office books and stationery,* | 20 | | 55 | |
| 4 | | | | |
| *Bought from R. W. Massey & Co., Ch'k,* | | | | |
| 100 *Bbls. Family Flour* @ 3.00 | | | 300 | |
| *Invoice No.* 1. | | | | |
| 5 | | | | |
| *Sold* (Teacher's name), *Cash,* | | | | |
| 90 *Bbls. Family Flour* @ 4.00 | | | 360 | |
| 6 | | | | |
| *Bought of Southern Com. Co., on acc't,* | | | | |
| 10 *Cases*, 360 *doz., Eggs* @ .10 | | | 36 | |
| 7 | | | | |
| *Sold Amory Dexter & Co., on acc't,* | | | | |
| 5 *Cases*, 180 *doz., Eggs* @ 15 | | | 27 | |
| 8 | | | | |
| *Bought of J. A. Power & Co., Check,* | | | | |
| 125 *Lbs., Fancy Coffee* @ .20 | 25 | | | |
| 1 *Box*, 25 *lbs., XXX Crackers*, @.06 | 1 | 50 | | |
| 1 *Box*, 35 *lbs., Cheese,* @ .13 | 4 | 55 | 31 | 05 |
| 9 | | | | |
| *Sold to W. P. Gould, Cash,* | | | | |
| 1 *Box*, 35 *lbs., Cheese,* @ .16 | | | 5 | 60 |
| 10 | | | | |
| *Bought of Southern Com. Co., on acc't,* | | | | |
| 2 *Bbls.*, 500 *lbs., Stick Candy* @ .12 | 60 | | | |
| 2 *Buckets*, 100 *lbs., F'cy* " @ .15 | 15 | | 75 | |
| 11 | | | | |
| *Sold Amory Dexter & Co., on acc't,* | 31 | 25 | | |
| 1 *Sack*, 125 *lbs., Fancy Coffee* @.25 | 35 | | | |
| 10 *Bbls. Fancy Flour* @ 3.50 | | | 66 | 25 |

## DAY-BOOK, SET ONE.

2 *February 12, 1896.*

| | | | | | |
|---|---|---|---|---|---|
| | *Paid Southern Com. Co., on account Check No. 4.* | | | 25 | |
| | 13 | | | | |
| | *Amory Dexter & Co., Cash Paid us on account,* | | | 25 | |
| | 14 | | | | |
| | *Bought of R. W. Massey & Co., on acc't,* | | | | |
| | 2 *Boxes*, 50 *lbs.*, *Crackers* @ .06 | | | 3 | |
| | 15 | | | | |
| | *Bought of Amory Dexter & Co., on acc't,* | | | | |
| | 10 *Bbls. Family Flour* @ 3.00 | | | 30 | |
| | 16 | | | | |
| | *Bought of W. P. Gould, on account,* | | | | |
| | 2 *Sacks*, 250 *lbs.*, *F'cy Coffee* @.20 | 50 | | | |
| | 1 *Sack*, 125 *lbs.*, *Choice* " @.17 | 21 | 75 | 71 | 25 |
| | 17 | | | | |
| | *Bought of Southern Com. Co., Check,* | | | | |
| | 1 *Box*, 35 *lbs* , *Cheese* @ 13 | | | 4 | 55 |
| | 18 | | | | |
| | *Sold Amory Dexter & Co., on account,* | | | | |
| | 3 *B'xs.*, 75 *lbs.*, *XXX Cr'k'rs* @. $12\frac{1}{2}$ | 9 | 38 | | |
| | 2 *Bbls.*, 500 *lbs.*, *Stick Candy* @ .20 | 100 | | 109 | 38 |
| | INVENTORY. | | | | |
| | 2 *Buckets*, 100 *lbs.*, *Fancy Candy* @ .12 | 12 | | | |
| | 2 *Sacks*, 250 *lbs.*, *Fancy Coffee* @ .20 | 50 | | | |
| | 1 *Sack*, 125 *lbs.*, *Choice Coffee* @ .17 | 21 | 25 | | |
| | 10 *Bbls. Family Flour* @ 3.00 | 30 | | | |
| | 1 *Box*, 35 *lbs.*, *Cheese* @ .13 | 4 | 55 | | |
| | 5 *Cases*, 180 *doz.*, *Eggs* @ .10 | 18 | | 135 | 80 |

**Note to Student.**—If your Inventory does not agree with the above, report the fact to your teacher.

## JOURNAL, SET ONE.

*Montgomery, Ala., February 1, 1896.*

| | | | | | |
|---|---|---|---|---|---|
| 2 | *Cash,* | | 2000 | | |
| 1 | | *To (Student's name),* | | | 2000 |
| | | 2 | | | |
| 3 | *(Name of) Bank,* | | 2000 | | |
| 2 | | *To Cash,* | | | 2000 |
| | | 3 | | | |
| 4 | *Expense,* | | 55 | | |
| 3 | | *To (name of) Bank,* | | | 55 |
| | | 4 | | | |
| 5 | *Merchandise,* | | 300 | | |
| 3 | | *To (name of) Bank,* | | | 300 |
| | | 5 | | | |
| 2 | *Cash* | | 360 | | |
| 5 | | *To Merchandise,* | | | 360 |
| | | 6 | | | |
| 5 | *Merchandise,* | | 36 | | |
| 6 | | *To Southern Com. Co.,* | | | 36 |
| | | 7 | | | |
| 7 | *Amory Dexter & Co.,* | | 27 | | |
| 5 | | *To Merchandise,* | | | 27 |
| | | 8 | | | |
| 5 | *Merchandise,* | | 31 | 05 | |
| 3 | | *To (name of) Bank,* | | | 31 05 |
| | | 9 | | | |
| 2 | *Cash,* | | 5 | 60 | |
| 5 | | *To Merchandise,* | | | 5 60 |
| | | | 4814 | 65 | 4814 65 |

## JOURNAL, SET ONE.

2 *February 10, 1896.*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | *Merchandise,* | | | 75 | | | |
| 6 | *To Southern Com. Co.,* | | | | | 75 | |
| | 11 | | | | | | |
| 7 | *Amory Dexter & Co.,* | | | 66 | 25 | | |
| 5 | *To Merchandise,* | | | | | 66 | 25 |
| | 12 | | | | | | |
| 6 | *Southern Com. Co.,* | | | 25 | | | |
| 3 | *To (name of) Bank,* | | | | | 25 | |
| | 13 | | | | | | |
| 2 | *Cash,* | | | 25 | | | |
| 7 | *To Amory Dexter & Co.* | | | | | 25 | |
| | 14 | | | | | | |
| 5 | *Merchandise,* | | | 3 | | | |
| 8 | *To R. W. Massey & Co.,* | | | | | 3 | |
| | 15 | | | | | | |
| 5 | *Merchandise,* | | | 30 | | | |
| 7 | *To Amory Dexter & Co.,* | | | | | 30 | |
| | 16 | | | | | | |
| 5 | *Merchandise,* | | | 71 | 25 | | |
| 9 | *To W. P. Gould,* | | | | | 71 | 25 |
| | 17 | | | | | | |
| 5 | *Merchandise,* | | | 4 | 55 | | |
| 3 | *To (name of) Bank,* | | | | | 4 | 55 |
| | 18 | | | | | | |
| 7 | *Amory Dexter & Co.,* | | | 109 | 38 | | |
| 5 | *To Merchandise.* | | | | | 109 | 38 |
| | | | | 409 | 43 | 409 | 43 |

# FORM OF LEDGER, SET ONE.

## STUDENT'S NAME.

| 1896 | | | | | 1896 | | | | | 1 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Feb. | 1 | 1 | 2000 | | |

## CASH.

| 1896 | | | | | 1896 | | | | | 2 |
|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 1 | 1 | 2000 | | Feb. | 2 | 1 | 2000 | | |
| " | 5 | 1 | 360 | | | | | | | |
| " | 9 | 1 | 5 | 60 | | | | | | |
| " | 13 | 2 | 25 | | | | | | | |
| | | | 2390 | 60 | | | | | | |

## (NAME OF) BANK.

| 1896 | | | | | 1896 | | | | | 3 |
|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 2 | 1 | 2000 | | Feb. | 3 | 1 | 55 | | |
| | | | | | " | 4 | 1 | 300 | | |
| | | | | | " | 8 | 1 | 31 | 05 | |
| | | | | | " | 12 | 2 | 25 | | |
| | | | | | " | 17 | 2 | 4 | 55 | |
| | | | | | | | | 415 | 6 | |

## EXPENSE.

| 1896 | | | | | 1896 | | | | | 4 |
|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 3 | 1 | 55 | | | | | | | |

## MERCHANDISE.

| 1896 | | | | | 1896 | | | | | 5 |
|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 4 | 1 | 300 | | Feb. | 5 | 1 | 360 | | |
| " | 6 | 1 | 36 | | " | 7 | 1 | 27 | | |
| " | 8 | 1 | 31 | 05 | " | 9 | 1 | 5 | 60 | |
| " | 10 | 2 | 75 | | " | 11 | 2 | 66 | 25 | |
| " | 14 | 2 | 3 | | " | 18 | 2 | 109 | 38 | |
| " | 15 | 2 | 30 | | | | | 568 | 23 | |
| " | 16 | 2 | 71 | 25 | | | | | | |
| " | 17 | 2 | 4 | 55 | | | | | | |
| | | | 550 | 85 | | | | | | |

## FORM OF LEDGER, SET ONE.

### SOUTHERN COMMISSION CO.

| 1896. | | | | | | 1896. | | | | | 6 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 12 | | 2 | 25 | | Feb. | 6 | | 1 | 36 | |
| | | | | | | " | 10 | | 2 | 75 | |
| | | | | | | | | | | 111 | |

### AMORY DEXTER & CO.

| 1896 | | | | | | 1896 | | | | | 7 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 7 | | 1 | 27 | | Feb. | 13 | | 2 | 25 | |
| " | 11 | | 2 | 66 | 25 | " | 15 | | 2 | 30 | |
| " | 18 | | 2 | 109 | 38 | | | | | 55 | |
| | | | | 202 | 63 | | | | | | |

### R. W. MASSEY & CO.

| 1896 | | | | | | 1896 | | | | | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Feb. | 14 | | 2 | 3 | |

### W. P. GOULD.

| 1896 | | | | | | 1896 | | | | | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Feb. | 16 | | 2 | 71 | 25 |

### LOSS AND GAIN.

| 1896. | | | | | | 1896. | | | | | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |

## TRIAL-BALANCE, SET ONE.

*February 18th, 1896.*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | Student's name, | | | | 2000 | | |
| 2 | Cash, | 2390 | 60 | | 2000 | | |
| 3 | (Name of) Bank, | 2000 | | | 415 | 60 | |
| 4 | Expense, | 55 | | | | | |
| 5 | Merchandise, | 550 | 85 | | 568 | 23 | |
| 6 | Southern Commission Co., | 25 | | | 111 | | |
| 7 | Amory Dexter & Co., | 202 | 63 | | 55 | | |
| 8 | R. W. Massey & Co., | | | | 3 | | |
| 9 | W. P. Gould, | | | | 71 | 25 | |
| | | 5224 | 08 | | 5224 | 08 | |

## BALANCE-SHEET, SET ONE.

*February 18th, 1896.*

| | | Dr. | | Cr. | | Loss. | | Gain. | | Reso'rce | | Liability. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Student, | | | 2000 | | | | | | | | | |
| 2 | Cash, | 2390 | 60 | 2000 | | | | | | 390 | 60 | | |
| 3 | Bank, | 2000 | | 415 | 60 | | | | | 1584 | 40 | | |
| 4 | Expense, | 55 | | | | 55 | | | | | | | |
| 5 | Merchandise, | 550 | 85 | 568 | 23 | | | 153 | 18 | 135 | 80 | | |
| 6 | So. Com. Co., | 25 | | 111 | | | | | | | | 86 | |
| 7 | A.Dexter & Co. | 202 | 63 | 55 | | | | | | 147 | 63 | | |
| 8 | Massey & Co., | | | 3 | | | | | | | | 3 | |
| 9 | W. P. Gould, | | | 71 | 25 | | | | | | | 71 | 25 |
| | | 5224 | 08 | 5224 | 08 | 55 | | 153 | 18 | 2258 | 43 | 160 | 25 |
| | Net gain, | | | | | 98 | 18 | | | | | | |
| | | | | | | 153 | 18 | 153 | 18 | | | | |
| | Net investm'nt | 2000 | | | | | | | | | | | |
| | Net gain, | 98 | 18 | | | | | | | | | | |
| | Present worth, | 2098 | 18 | | | | | | | | | 2098 | 18 |
| | | | | | | | | | | 2258 | 43 | 2258 | 43 |

**Note.**—The following forms show the Proprietor's Account and the Loss and Gain Accounts after they have been closed and ruled up.

## STUDENT.

| 1896 | | | | | | 1896 | | | | | 1 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 18 | Pres. worth, | | 2098 | 18 | Feb. | 1 | | 1 | 2000 | |
| | | | | | | " | 18 | Net gain, | 10 | 98 | 18 |
| | | | | 2098 | 18 | | | | | 2098 | 18 |

## EXPENSE.

| 1896 | | | | | | 1896 | | | | | 4 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 3 | | 1 | 55 | | Feb. | 18 | Loss, | 10 | 55 | |

## MERCHANDISE.

| 1896 | | | | | | 1896 | | | | | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 4 | | 1 | 300 | | Feb. | 5 | | 1 | 60 | |
| " | 6 | | 1 | 36 | | " | 7 | | 1 | 27 | |
| " | 8 | | 1 | 31 | 05 | " | 9 | | 1 | 5 | 60 |
| " | 10 | | 1 | 75 | | " | 11 | | 1 | 66 | 25 |
| " | 14 | | 2 | 3 | | " | 18 | | 2 | 109 | 38 |
| " | 15 | | 2 | 30 | | Feb. | 18 | Inventory, | | 135 | 80 |
| " | 16 | | 2 | 71 | 25 | | | | | | |
| " | 17 | | 2 | 4 | 55 | | | | | | |
| Feb. | 18 | Gain, | 10 | 153 | 18 | | | | | | |
| | | | | 704 | 03 | | | | | 704 | 03 |

## LOSS AND GAIN.

| 1896 | | | | | | 1896 | | | | | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb. | 18 | Expense, | 4 | 55 | | Feb. | 18 | Mdse., | 5 | 153 | 18 |
| Feb. | 18 | Net gain, | 1 | 98 | 18 | | | | | | |
| | | | | 153 | 18 | | | | | 153 | 18 |

| | |
|---|---|
| *Dept. Feb. 1,* | *2,000* |
| No. *1.* | |
| ..... *Feb. 3,* 1896 | |
| *A. Teacher* | |
| *Rent, 35.00* | |
| *Books, 20.00* | *55* |
| | |
| *Balance,* | *1,945* |

No. *1.* MONTGOMERY, ALA., *Feb. 3,* 1896.

**Students' Commercial Bank.**

Pay to *A. Teacher* or bearer, *$55.00*

*Fifty-five* $\frac{00}{100}$ Dollars.

*A. Student.*

| | |
|---|---|
| No. *2.* | |
| .....*Feb 4,* 1896 | |
| *R. W. M. & Co.* | |
| *Mdse.* | |
| | *300* |
| | |
| *Balance,* | *1,645* |

No. 2. MONTGOMERY, ALA., *Feb. 4,* 1896.

**Students' Commercial Bank.**

Pay to *R. W. Massey & Co.* or bearer, *$300.00*

*Three Hundred* $\frac{00}{100}$ Dollars.

*A. Student.*

## SUGGESTIONS TO STUDENTS.

The purpose of the exercises on the preceding pages has been to lay before you, in as simple manner as possible, the foundation principles of book-keeping. The object of the work in the following pages is to train you in making a practical application of these principles. Before beginning this work, there are, however, a few things to which you should give careful consideration if you wish to succeed.

The first to which we desire to direct your attention, is your

### 91. PENMANSHIP.

This is a matter of great importance, as you will realize after leaving school, if you do not before. Your work may be accurate and neat—free from blots and scratches—but if your writing is poor, it will always prove a hindrance to you.

Good penmanship is a matter of primary consideration with business men when they wish to employ a book-keeper or clerk for any position in which writing is required. Plain, rapid business writing is in demand to-day as never before. Study carefully the writing given by your teacher, and strive to acquire a similar style. Practice writing a great deal with a view to improve your penmanship, and in your book-keeping work *always do your best.*

It is not our purpose, in this place, to give specific instructions on how to acquire a good handwriting; but the following negative hints, if observed, will do much to help correct the more common faults in writing:

Don't spoil your writing with flourishes. The plainest writing looks the neatest.

Don't attempt to shade your writing.

Don't make the loop letters too long. Long loops give writing a tangled appearance. Short looped writing looks neater and is more easily read.

Don't slant your writing too much. This is one of the most common faults with young writers. The more slant given to writing the more space it takes up, and the more difficult it is to read.

Don't be careless in making figures. A poorly made letter or a badly written word can generally be made out from the context—that is, from what precedes or follows it; but not so with figures. A business man may be willing, at times, to guess at what is meant by a poorly written word, but he will not risk guessing at a poorly made figure.

Don't do anything carelessly. ALWAYS DO YOUR BEST. Every time you do this you are making progress; but any effort that is not your best causes you to lose ground—to go backward in your work.

## 92. AVOIDING ERRORS.

In writing the following sets, strive to keep the books free from errors:

1. Do your thinking *before* a fact is recorded in the books, not *after*. More mistakes are made through carelessness than ignorance.

2. Don't hurry. Work as rapidly as possible to do good work. Progress is not measured by what has been gone over, but by what has been learned.

3. Work systematically. Follow the order of work given at the beginning of the first set. Study it until thoroughly familiar with it.

4. Be accurate. Do not put units under tens, hundreds under tens, dollars in the cent column, etc., when writing figures.

5. Be neat. No careless work should be put on either the loose papers or in your books.

6. Concentrate your mind on the work in hand.

—*Practical Book-keeping.*

## 93. RULES FOR FINDING ERRORS.

1. Add the Trial-balance from top to bottom, and from bottom to top. If the results are the same by both additions, go over the addition in the Ledger Accounts in the same manner, and see that the footings are correctly carried into the Trial-balance. If the results vary in the additions go over and over them until each addition brings the same result.

2. Review the amounts carried into the money columns of the Journal and see that the debits and credits are equal for each entry.

3. Find the exact difference between the two sides of the Trial-balance and look for that amount in the Journal, or whatever books have been posted from, as an amount may have been omitted from the Ledger in posting.

4. If the difference can be divided by 2, look for half the amount, as an amount may have been posted to the wrong side of the Ledger.

5. Open the Journal and Ledger, and go over the posting from the beginning, observing that each amount debited or credited in the Journal is carried to the debit or credit of the proper account in the Ledger, placing a check-mark (✓) before each amount in the Journal and Ledger, as it is found correct.

As the debits and credits in the Journal are equal, the Ledger must balance, if no mistakes have been made in posting or adding.

## 94. CORRECTING ERRORS.

**Errors in the Day-book.** If a mistake is made in the Day-book, or any other book of original entry, do not erase, but make a correct entry in some other part of the book and mark the incorrect entry "Void," and give page of corrected entry, if it does not immediately follow.

**Errors in Journal and Ledger.** If an error is made in the Journal or Ledger, draw a red line through it and write the correct entry above it.

## EXAMINATION RECORD, SET ONE.

Date.....Teacher.....

Questions.....Day-book.....Practice Journal.....

Practice Ledger.....Good Journal .....Good Ledger.....

Balance-sheet.....Second Trial-balance.....

Re-Work .....

Copy.....

Business Papers.....

CASH ACCOUNT.

Dr. side, $.....
Cr. side, $.....
Balance, $.....

Present this amount of cash to your teacher.

BANK ACCOUNT.

Last Balance, $.....
Amt. Deposits, $.....
Total Credit, $.....
Total Checks, $.....
Balance,..... $.....

Have your Bank Pass-book balanced, which must agree with above. See Note A.

Date of commencing set.....Date finished.....

Total number of days.....

**Note A.**—If all of your checks have not been presented to the Bank for payment, it will be necessary for you to make on a sheet of paper the following statement, which present with your books:

### Bank Account Test.

Bank Balance (See Bank Pass-book.) .....

Check-book Balance..... .....

Difference..... ..... .... .....

Checks not cashed:

No.....
No.....
No.....
No.....
No.....

Total checks outstanding..... .....

RICHARD W. MASSEY,

President Massey's Chain of Business Colleges; Expert Accountant and Ex-President Southern Book-keepers' Association.

# SET TWO.

## ORDER OF WORK.

First.—Thoroughly memorize paragraphs 95 to 105, inclusive. Read carefully "Special Information," page 50.

Second.—Journalize Practice Work on pages 54, 55, 56 and 57, and submit work to your teacher for approval.

Third.—Carry out the transactions of Second Set and record in Day-book, carefully entering all Bills Receivable and Bills Payable in the Bill-book.

Fourth.—Journalize the actual transactions.

Fifth.—Post Journal entries to "Practice Ledger."

Sixth.—Make Balance-sheet and close Practice Ledger.

Seventh.—Submit "Practice Ledger" with Balance-sheet to your teacher for examination.

Eighth.—Copy Practice Ledger into Good Ledger and Practice Journal into Good Journal.

Ninth.—Commit to memory questions on page 60.

Tenth.—Submit all of your work to your teacher for your final grade.

## SPECIAL INFORMATION.

Beginning with Set Two, the student may buy and sell such articles of merchandise, as, in his judgment, can be dealt in to an advantage.

Use market quotations in buying and selling.

Loud talking or boisterous conduct of any kind will not be allowed.

Be prompt in your attendance.

Do not buy or sell mutilated cards.

All transactions in book must be made, and such additional ones as may be necessary, to close up the sets.

Test your cash each day. If the cash balance is not correct, it is positively necessary to find your error before proceeding.

Confine your trading to the wholesale houses and your fellow-students. After the first set no trading is to be done with the teacher.

Keep your Bill-book carefully written up and pay your notes at maturity.

File carefully all papers and documents received, and hand to your teacher for examination at end of set.

Make no purchase or sale for more than $500.00 in one transaction.

Render statements to all who owe you at end of each set.

Report to your teacher, at once, any trouble with the office departments.

Have your Pass-book balanced at the end of each set.

Whenever you receive from a student a statement of your account, carefully compare with your Ledger to ascertain whether it is correct. If correct, mark "O. K." and file away for reference. If the statement is not correct, notify the person who sent it.

## SET TWO.

### EXPLANATIONS AND DEFINITIONS.

**95. The object** of the second set is to give students additional practice in the book-keeper's routine work, as well as to introduce two new accounts—Bills Payable and Bills Receivable.

**96. The books used** are the **Day-book, Journal, Ledger and Bill-book.**

**97.** A **Bill-book** is an auxiliary book, that is, a book used as an aid to the other, or principal books. The teacher will explain how to use it.

**98. Bills Receivable and Bills Payable.** Two kinds of promises to pay are used in business, oral and written. Oral promises to pay were illustrated in Set One; while written promises to pay (consisting of notes), are explained in this set. Accepted drafts are also written promises to pay and are treated as Bills Payable and Bills Receivable. They are fully explained in Set 4.

**99. Promissory Notes.** A Promissory Note is a written promise to pay unconditionally at some future time, a certain sum of money, usually at a certain place. Such promises are known as time and demand notes. Illustration:

*$300.* MOBILE, ALA., *March 2,* 1894

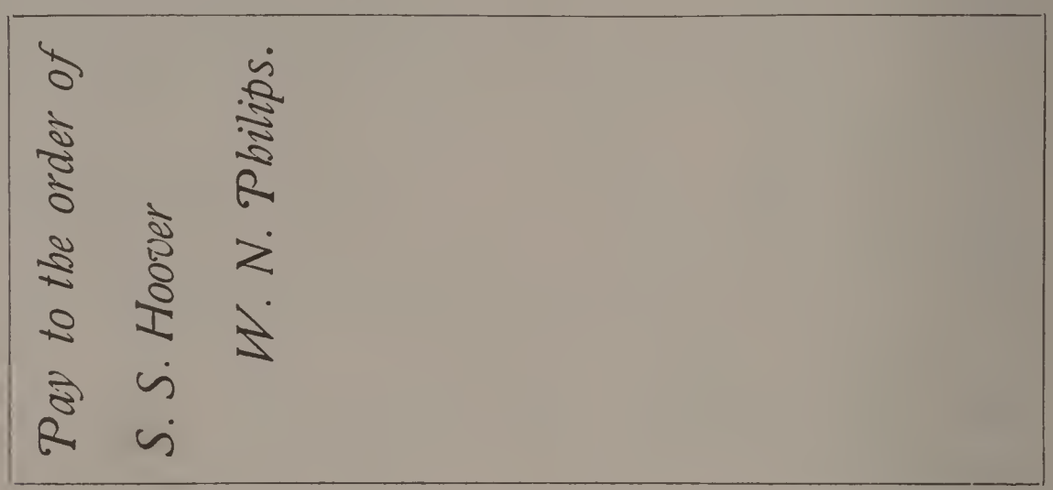
*Ten days* after date *I* promise to pay to the order of *W. N. Philips,*.....

*Three Hundred* $\frac{00}{100}$ ..... DOLLARS, value received.

No. *49* Due *3, 15, '94.* *W. Dean Wilson.*

In the note above, the person who signs his name to the note (Wilson) is called the **Maker.** The person to whom the money is to be paid (W. N. Philips) is called the **Payee.**

**100. Indorsements.** If W. N. Philips wished to sell the note to S. S. Hoover, he would order it paid to him by indorsing it (writing) on the left end of the back, as shown in illustration below:




This is called an **indorsement in full** and makes the note payable to S. S. Hoover's order only.

**101. Indorsement in Blank.** If W. N. Philips had simply written his name on the left end of the back of the note, it could have been collected by any one who had it in his possession when due. It then would have been an **indorsement** in **blank.**

**Note.**—In most States, notes and drafts are entitled to three days of grace.

**102. Bills Payable Account.** Our written promises to pay are **Bills Payable,** and when we give them out, are placed on the **credit** side of that account in the **Ledger.** When we pay our notes, the amount thus paid is placed on the **debit** side of the account. If **Bills Payable** Account does not balance, the right hand side will always be the larger, as we can not pay more notes than we have given. The difference, if any, will always be a liability. For illustration, see the following form:

BILLS PAYABLE.

| Our Written Promises to Pay Redeemed. | | | | Our Written Promises to Pay Given Out. | | | |
|---|---|---|---|---|---|---|---|
| July | 19 | | 250 | July | 1 | | 200 |
| | 25 | | 550 | | 2 | | 600 |
| | | | | | 3 | | 320 |

Value of written promises given out.....$1120.00
Value of written promises redeemed..... ..... 800.00

Value of our written promises unpaid, a liability of .....$ 320.00

**103. Bills Receivable Account.** Other persons' written promises to pay us are called **Bills Receivable.** When received, they are placed on the **debit** side of the Bills Receivable Account. When they are given out or a payment made on them, the amount is placed on the **credit** side of the account. The difference, if any, shows a resource. Illustration:

BILLS RECEIVABLE.

| Other Persons' Written Promises to Pay Received. | | | Other Persons' Written Promises to Pay Given Out. | | |
|---|---|---|---|---|---|
| July | 1 | 200 | July | 14 | 200 |
| | 3 | 600 | | 21 | 600 |
| | 9 | 280 | | | |

Value of other persons' written promises received..... $1,080.00
Value of other persons' written promises given out..... 800.00

Value of the persons' written promises on hand, a resource of..... ..... ..... $ 280.00

This account will balance when all the promises of others have been disposed of, as they are always recorded at their face value.

**104. Ledger Heading.** Write the address of each person with whom an account is opened in the Ledger, on the head line, in a small hand, a little to the right of the name, as shown below:

*W. A. Ross & Co.,*
*Columbus, Ga.*

**105. Special Directions:** Strive to surpass your previous work in neatness and accuracy. Apply to your teacher for the number of the price-list, which you are to use hereafter in all your Practice Journalizing. In actual transactions, use market quotations. Your teacher will allow you a special discount of 10% on all purchases of

———which you make from the wholesale house. This will enable you to sell this particular commodity to your fellow students at market quotations and still make a profit. Turn to paragraphs 20, 21, 27 and 28 and thoroughly commit them to memory. The personal accounts, as well as the loss and gain accounts, will be closed in this and the following sets. Your teacher will explain how to close personal accounts. See paragraph 21, page 8.

The student may now proceed to journalize the practice work on pages 54 to 57, which submit to your teacher, when completed, for approval.

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## SET TWO. PRACTICE WORK.

**Note.**—The following entries are intended to be a supplementary drill in journalizing and constitute no part of the actual transactions. They should, however, be carefully journalized in the "Practice Journal" and submitted for correction. Your teacher will examine this work, and if you understand the principles of journalizing thus involved, you should have no difficulty in journalizing the actual transactions of this set, as they are similar.

(1) Gave W. B. Thomas a check for $75.00 in payment of rent of store one month.

(2) Sold W. A. Davis & Sons, Chicago, cash:

10 Boxes, 250 lbs., XXX Crackers,
2 Sacks, 250 lbs., Choice Coffee,
2 Bbls., 500 lbs., Stick Candy,
5 Boxes, 300 lbs., Rice.

**Note.**—Apply to your teacher for a price-list to be used by you in computing all the calculations in the practice work.

(3) Sold Thomas & Hagood, on their note at 30 days:

375 Lbs. Rice,
135 Bbls. Fancy Flour.

(4) Sold C. C. Clark, on account:

375 Lbs. Stick Candy.

(5) Sold Boynton, Benedict & Co., on their demand note:

75 Bbls. Irish Potatoes,
155 Bbls. Sweet Potatoes.

(6) Sold Kohn, Furchgott & Co., and received in payment their fifteen days note for ½, balance on account:

165 Lbs. XXX Crackers,
125 Lbs. Rice.

(7) Bought from Cohn Bros., on my 60 days note, their favor, no interest:

2500 Lbs. Choice Coffee,
1785 Lbs. Fancy Coffee,
1700 Lbs. XXX Crackers.

(8) Bought from Weil Bros., on my demand note:

150 Bbls. Fancy Flour.

(9) Bought from Cooper, Deignan & Co., ½ cash, balance on account:

1500 Doz. Eggs,
175 Lbs. Fancy Coffee,
1700 Lbs. XXX Crackers,
1500 Lbs Fancy Candy,
1200 Lbs. Stick Candy.

(10) Bought from J. J. Gilbert, ½ cash, balance on account:

1500 Lbs. Choice Coffee.

(11) Sold Glenn & Sons, ½ cash, balance on account:

120 Dozen Eggs.

(12) Paid J. J. Gilbert, cash, for balance due on account.

(13) Sold Geo. M. Folger, ⅓ note, payable in thirty days, ⅓ on account, ⅓ cash:

1500 Bbls. Fancy Flour.

(14) Sold Ralph Coleman, on demand note:

1857 Lbs. Fancy Coffee.
175 Lbs. Choice Coffee.
180 Doz. Eggs.

(15) Sold V. J. Pekor, on account:
150 Lbs. Fancy Coffee,
150 Doz. Eggs,
600 Bbls. Irish Potatoes.

(16) Sold C. C. Robinson, $\frac{1}{4}$ cash, balance on account:
100 Bbls. Fancy Flour.

(17) Bought of Clark & Davis, on account:
200 Bbls. Family Flour.

(18) Sold Hopkins-Spencer Co., $\frac{1}{2}$ cash, $\frac{1}{4}$ fifteen days note, balance on account:
150 Bbls. Fancy Flour,
195 Doz. Eggs.

(19) Sold Glenn, Graham & Reynolds, on account:
1800 Lbs. Rice.

(20) Collected cash of Ralph Coleman for his demand note.

(21) Paid Weil Bros. $5.00, to apply on note given to them in transaction No. 8.

(22) Bought from Snider's Sons, for cash:
118 Lbs. Cheese,
100 Doz. Eggs.

(23) Bought from R. W. Massey & Co., on account:
1000 Lbs. Rice,
1700 Bbls. Irish Potatoes.

(24) Bought from Bainerd & Armstrong, on account:
17 Bbls. Fancy Flour,
10 Bbls. Family Flour.

(25) Gave Weil Bros. a check for the balance due on our note, given to them in transaction No. 8.

(26) Gave R. W. Massey & Co., a check for the amount due them on account.

(27) Sold Green & Sons, on account:
125 Doz. Eggs.

(28) Bought from Garrett Manufacturing Co., on account:
125 Lbs. Fancy Candy.

(29) Sold Parker Mercantile Co., on account:
250 Lbs. Stick Candy.

(30) Exchanged notes with King Parker for mutual accommodation; each note for $100.00, and payable at bank in thirty days, without interest.

(31) Bought from Montgomery Grocery Co., on account:

25 Bbls. Family Flour.

(32) Gave Columbus Gas Co., check for gas and water bills, $10.00.

(33) Sold A. & S. Maxwell, on account:

25 Bbls. Fancy Flour.

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## SPECIAL DIRECTIONS.

We wish to impress upon the student the importance of accuracy. It matters not how much work is accomplished, unless it be accurate, it is worse than useless. Speed has its value, but by the beginner should not be considered. It never pays to be in too much hurry. Haste is sure to cause errors which will cost you far more to locate than the speed has profited you.

Your first aim should be **accuracy** and **neatness,** and the speed will come with practice and experience.

The beginner is too apt to underrate the value of **system.** System, in a great measure, is the key to success in business life. "Have a certain place for everything and keep everything in its place." Do not let your papers and books be strewn upon the desk. Keep your merchandise well assorted in a box provided for that purpose, your cash, notes, receipts, etc., in their proper places, and you will find that you will gain much in convenience and facility.

## SET TWO.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(19) Give check, $50.00, for one month's rent.

**Note.**—Hand to your teacher and enter on stub of check-book.

(20) Make settlements for all open accounts, receiving and paying cash.

(21) Sell Merchandise and receive in payment demand note (26.)

**Note.**—Write bill and deliver with Merchandise. Enter note received in Bill-book. No. 26, as written at the end of the transaction, gives the number of a corresponding transaction. The student need not follow the order of transactions as they are given, but all transactions must be performed. Place all notes in a large envelope, which label "Bills Receivable." Place a check-mark (✓) after each transaction as soon as performed.

(22) Sell Merchandise on account. (48)

**Note.**—Always write bill and deliver with Merchandise.

(23) Sell Merchandise, and receive in payment demand note.

**Note.**—Follow directions given under transaction No. 22

(24) Sell Merchandise, ½ note payable in five days, balance on account. (28)

(25) Buy Merchandise and give in payment your note payable on demand.

**Note.**—When you give a note, carefully fill out the stub of the note-book, also enter in Bill-book. Receive a bill which you will paste in "Book of Invoices" for future reference. Always preserve your Invoices.

(26) Buy Merchandise, and give in payment, demand note. (21)

(27) Sell Merchandise, ½ cash, ½ on account.

(28) Buy Merchandise, note for ½, balance on account. (24)

(29) Sell Merchandise, ½ cash, ½ on account.

(30) Collect cash for one-half the value of Merchandise sold in transaction 22.

**Note.**—Give receipt to apply on account.

(31) Sell Merchandise, and receive in payment demand note. (25)

(32) Sell Merchandise on account. (34)

(33) Sell Merchandise, $\frac{1}{2}$ cash, balance on account.

(34) Buy Merchandise on account. (32)

(35) Sell Merchandise on account.

(36) Sell Merchandise, $\frac{1}{2}$ cash, $\frac{1}{4}$ note, payable in thirty days.

(37) Present demand note received in transaction No. 23, for payment.

(38) Make a cash payment of $5.00 on your note given in transaction 26.

**Note.**—See that the proper credit is given on the back of your note.

(39) Buy Merchandise for cash.

(40) Buy Merchandise from R. W. Massey & Co., (or night wholesale house) on account.

**Note.**—The student should now lay in a supply of Merchandise of the kind on which he is entitled to a discount. See paragraph 105.

(41) Buy Merchandise on account.

(42) Give check for the balance due on your note given in transaction No. 26, which is presented for payment.

**Note** —When you pay your notes have them marked "paid," and file them away in an envelope marked "Notes paid."

(43) Give R. W. Massey & Co., a check for the amount due them on account.

(44) Sell Merchandise on account. (45)

(45) Buy Merchandise on account. (44)

(46) Sell Merchandise on account.

(47) Wishing to borrow some money from the Bank, you exchange notes with your teacher for mutual accommodation; each note for $100.00, bearing 6% interest and payable at the Bank in five days. Indorse the note which is in your favor and sell for its face value, receiving the amount in cash.

(48) Buy Merchandise on account. (22)

(49) Give check for gas and water bills, $10.00.

**Note.**—Write check in favor of and deliver to teacher.

(50) Sell Merchandise on account.

**Note.**—Having carried out the transactions and recorded them in his **Day-Book**, the student may now journalize and post to his "Practice Ledger." Make Trial-balance and Balance-sheet. Close all accounts in "Practice Ledger," render statements to all parties due you on account, and submit to your teacher for examination. If approved, carefully copy work in your "Good Ledger" Have work graded and answer the following

## REVIEW QUESTIONS.

95. What is the object of Set Two? 96. What books are used? 97. What is a Bill-book? 98. How many kinds of promises to pay are used in business? What are they? 99. What is a Promissory Note? How many parties are there to a Promissory Note, and who are they? Who is the Maker? Who is the Payee? 100. What is an Indorsement? Who is an Indorser? What is the purpose of writing the payee's name upon the back of the note? What is an Indorsement in full? 101. What is an Indorsement in blank? Are notes entitled to Days of Grace? When is the maturity of a note? 102. What are Bills Payable? When you issue your note what do you credit? When you redeem your note what do you credit? If Bills Payable Account does not balance, which side will always be the larger? Why? This difference would be what? 103. What are Bills Receivable? When you receive another person's note what do you debit? When you dispose of that note what do you credit? Which side of the Bills Receivable Account will always be the larger if there is any difference? Why? 104. What is a Ledger Address? How should it be written? 105. Mention the Special Directions.

## EXAMINATION RECORD, SET TWO.

Date.....Teacher.....
Questions.....Day-book.....Practice Journal.....
Practice Ledger.....Good Journal.....Good Ledger.....
Balance-sheet.....Second Trial-balance.....
Re-Work .....
Copy.....
Business Papers.....Bill-book .....

| Bills Receivable. | Bills Payable. |
|---|---|
| Dr. side, $..... | Cr. side, $..... |
| Cr. side, $..... | Dr. side, $..... |
| Notes on hand, $..... | Notes outstanding, $..... |
| **Cash Account.** | **Bank Account.** |
| Dr. side, $..... | Last Balance, $..... |
| Cr. side, $..... | Amt. Deposits, $..... |
| Balance, $..... | Total Credit, $..... |
| Present this amount of cash to your teacher. | Total Checks, $..... |
| | Balance, - - - $..... |
| | Have your Bank Pass-book balanced, which must agree with above. |

Date of commencing set.....Date finished.....
Total number of days.....

### Bank Account Test.

**Check-book Balance**.....
**Checks not Cashed :**

No..... No.....
No..... No ..... Total, $.....
Bank Balance - - - - - - - $.....

# SET THREE.

## ORDER OF WORK.

First.—Thoroughly memorize paragraphs 106 to 109, inclusive.

Second.—Journalize practice work on page 64 and submit work to your teacher for examination.

Third.—Carry out the actual transactions of Set Three and record in Journal-Day-book, carefully entering all notes in the Bill-book.

Fourth.—Journalize the actual transactions.

Fifth.—Post Journal-Day-book to "Practice Ledger."

Sixth.—Make Balance-sheet and close the Ledger.

Seventh.—Submit the Ledger to your teacher.

Eighth.—Copy " Practice Ledger " into " Good Ledger."

Ninth.—Recite to your teacher questions on page 63.

Tenth.—Submit all your books to your teacher for his approval.

## SET THREE. EXPLANATIONS AND DEFINITIONS.

**106. The object of Set Three** is to illustrate a Partnership business, giving instructions on Interests and Discount accounts, as well as the combining of the Journal and Day-book in one book. (For form of Journal-Day-book, see form below.)

**107. The Books:** The Day-book and Journal are combined in this and the following sets. Write Day-book entry under Journal entry. The Ledger, Bill-book and Check-book are used as in the preceding sets.

**108. Brief Rule:** Interest or Discount is **Debited** when it costs us value; and **Credited** when it produces us value. Memorize paragraphs 29 and 30.

**109. Partnership.** A partnership is a voluntary association of two or more persons for the purpose of conducting a business under a common name, whereby the partners invest and share the losses and gains according to agreement. Articles stating the exact terms upon which the partnership is formed should be written, each partner signing and keeping a copy of same.

**Note.**—For articles of Copartnership, see form of Models on teacher's desk.

### FORM OF JOURNAL-DAY-BOOK.

1 *March 1, 1896.*

| | | | | | |
|---|---|---|---|---|---|
| | *Interest,* | 20 | | | |
| | *To Cash,* | | | 20 | |
| | *Paid interest to date on note, favor Clark & Sons, dated Mch. 1st, 1895, amt.* $565.00. | | | | |
| | 2 | | | | |
| | *Cash,* | 7 | 25 | | |
| | *To Interest,* | | | 7 | 25 |
| | *Interest to date on Lacy's note, my favor, amt.* $1,000.00. | | | | |

## SET THREE. PRACTICE WORK.

**Note.**—The following entries are intended as a supplementary drill in journalizing Interest and Discount. Carefully journalize and submit to your teacher. See form of Journal-Day-Book, page 63.

(1) Paid cash $20.00 for interest on my note of $565.00, favor Clark & Sons.

(2) Received cash $7.25 for interest on Lacy's note, my favor, for $1000.00.

(3) Received cash from Howard Bros., for their note of $2000.00; interest, $27.50.

(6) Paid cash $10.75 for interest on my note at 15 days, favor Turner Berry, amount $1272.00.

(7) Paid Arren Beesmer cash for my note of $300.00; interest on same, $10.00.

(8) My note given Jan. 6, favor Moore H. Green & Co., is now due. Face of note, $800.00; interest, $7.00. I have paid the same with a new note for the full amount.

(9) W. G. Massey's note of the 3d ultimo is now due. Face of note, $500.00. Interest on same to date, $3.25. Received cash for same.

(10) Paid cash for my note with interest. Face of note, $500.00; interest, $22 00.

(11) Sold Donalson Lumber Co., 10 bbls. white sugar @ $12.50. Received in payment 15,000 yellow pine shingles at $2 00 per thousand and their note for balance. The shingles were for my private use.

(12) Exchanged notes with W. O. Brown for our mutual accommodation, each drawn at 30 days, for $500.00. Discounted his note at Third National Bank. Discount off, $5.15; net proceeds received in cash.

(13) I have this day taken up my note, favor of John Donk, Jr., dated 1st inst., at six days. Face of note, $1500.00. Discount off, $15.00.

(14.) Received from Howard Payne, for balance due on account, his note at 90 days, dated July 12, which I have this day discounted at the German National Bank at 1%. Face of note $1800.00.

## SET THREE.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(51) You are now to form a co-partnership with some student under the firm name of (your own name) & Co., for the purpose of continuing the business. Your partner will invest an amount of money to equal your Present Worth, as shown by your Balance-sheet at the close of Set Two, and losses or gains are to be shared equally.

**Note.**—You may select any one of your fellow-students as a partner, and your teacher will provide him with the necessary amount of cash.

(52) Give checks to all persons, if any, whom you owe on account, as shown by your Ledger.

(53) Draw check for $50.00 in favor of your teacher (or real estate office, if one is running) and hand to him in payment of one month's rent.

(54) Present to the proper firms for payment all notes that are due, if any. Collect for the interest of the notes as well as the principal, if interest-bearing notes.

**Note.**—Debit Cash; credit Bills Receivable and Interest.

(55) Give check in payment of demand note given in transaction 25.

(56) Sell to wholesale house on account.

(57) Discount at Bank note received in transaction 36, and have proceeds placed to your credit.

**Note.**—Debit Bank and Discount; credit Bills Receivable.

(58) Wishing to borrow some money, you will write a note for $500.00 favor of the Cashier of the Bank and have it discounted, placing proceeds to your credit.

**Note.**—It is customary with banks to require at least one indorser on all papers which they discount. Request some student to indorse this note for you.

(59) Sell Merchandise on account. (60)

(60) Buy Merchandise on account. (59)

(61) Buy Merchandise and give check. (62)

(62) Sell Merchandise for cash. (61)

(63) Sell Merchandise and receive in payment demand note. (64)

(64) Buy Merchandise and give in payment demand note. (63)

(65) Loan your teacher $500.00 on his note indorsed by the wholesale firm, payable in 30 days with 8% interest.

**Note.**—Present note, omitting signature, and check to your teacher.

(66) Draw $50.00 from business for private use.

**Note.**—Write check in your favor, indorse and hand to your teacher. The object in giving the check to your teacher is to enable you to keep your Cash account correct. Debit yourself and credit Bank.

(67) Sell Merchandise on account. (69)

(68) Sell Merchandise $\frac{1}{2}$ on account, $\frac{1}{2}$ cash. (70)

(69) Buy Merchandise on account. (67)

(70) Buy Merchandise $\frac{1}{2}$ on account, $\frac{1}{2}$ cash. (68)

(71) Sell Merchandise on 60 day note.

(72) Discount at Bank, note received in transaction 71, and have proceeds placed to your credit.

(73) Give your partner check for $50.00 to apply on account.

**Note.**—Write check favor of your partner. Have him indorse same and hand to your teacher. Debit your partner.

(74) Present all notes due, if any, for payment. Collect cash for face of note and interest.

**Note.**—When cash is received for a note turn immediately to your Bill-book and mark "Paid," together with date.

(75) Give check in payment of your demand note given in transaction 64.

**Note.**—Have note marked across its face "Paid" in red ink. Place the note in envelope used for this purpose.

(76) Carefully examine your Merchandise box to see that it is properly assorted.

(78) Prepay all your Bills Payable not due, and have the holders allow you the discount.

**Note.**—Use special care to see that the above direction is complied with before leaving the transaction.

(79) Discount at Bank all Bills Receivable you have on hand, and which are not due. Have proceeds placed to your credit.

**Note.**—Transactions 78 and 79 will dispose of all notes. Your Bill-book and Bills Receivable and Bills Payable accounts should show this fact and balance. If there should be any mistake in these accounts, it should be corrected before proceeding further, *This is important.* Make an Inventory of goods on hand. Leave your Bank Pass-book at the Bank to be balanced. Post the actual transactions just performed to your "Practice Ledger." Make Balance-sheet and close your Ledger. Hand your books to your teacher to be examined. If approved, copy "Practice Ledger" to "Good Ledger." Render statement to all firms owing you. Carefully arrange all papers, books, etc., on your desk. See that your Merchandise is properly assorted. Submit all books to your teacher for final grade. Recite review questions of this set.

## REVIEW QUESTIONS.

(106) What is the object of Set Three? How may the Journal and Day-book be combined?

(107) What books are used in Set Three? What is Interest? What is Discount?

(108) When are Interest and Discount debited? When credited? When the debit side of the account is the larger, is the difference a loss or a gain?

## EXAMINATION RECORD, SET THREE.

Date..... Teacher.....

Questions..... Journal–Day-book.....

Good Journal..... Practice Journal.....

Practice Ledger..... Good Ledger.....

Balance-sheet..... Second Trial-balance.....

Re-work.....

Copy.....

Business papers.....

Bill-book .....

Statements rendered .....

Cash: { On hand..... ..... .....
In Bank..... ....

Articles of Co-partnership.....

Date of commencing Set.....

Date finished.....

Bank Pass-book..... .....

# SET FOUR.

## ORDER OF WORK.

First.—Thoroughly memorize paragraphs 110 to 124, inclusive.

Second.—Journalize practice work on pages 74 to 76 and submit work to your teacher.

Third.—Carry out the actual transactions of Set Four, entering all accepted drafts in the Bill-book.

Fourth.—Journalize the actual transactions.

Fifth.—Post Journal entries to "Good Ledger."

Sixth.—Make Balance-sheet and close the Ledger.

Seventh.—Recite to your teacher review questions on page 79.

Eighth.—Submit all your books to your teacher for final examination.

## SET FOUR. EXPLANATIONS AND DEFINITIONS.

**110. The object** of this set is to illustrate Drafts.

**111. The books used** are the same as those employed in the preceding set.

**112. A Draft** is a written instrument wherein one party, called the drawer, directs a second party, called the drawee, to pay a third party, called the payee, a certain sum of money at a certain time.

FORM OF SIGHT DRAFT.

$\$1000.00$ Jacksonville, Fla., *Jan. 2*, 1896.

*At sight* PAY TO THE ORDER OF

*Swift, Macy & Sons,* .....

*One Thousand* ..... $\frac{00}{100}$ DOLLARS,

Value received, and charge to the account of

To *Clark & Co.*,
*Montgomery, Ala.*

*A. Student.*

**113. Employment of Drafts.** Drafts are used by business men to obviate the risks, inconvenience and expense of transmitting money from place to place.

**114. Parties to a Draft are:** First, the drawer, that is, the one who writes the demand; second, the drawee, the party upon whom the draft is drawn; third, the payee, the party in whose favor the draft is made payable. In the form of draft given above the **drawer** is a student. The **drawee** is Clark & Co., and the **payee** is Swift, Macy & Sons.

**115. Time of Drafts.** Drafts are drawn payable at sight; a specified number of days after sight (that is, after acceptance); or a specified number of days after date.

**116. Sight Drafts** are payable when presented, except in those States which allow three days of grace. **Time Drafts** are payable at a future time after acceptance, or a certain number of days after date.

**117. Acceptance** is agreeing to the terms of a draft, and is made by the Drawee's writing his name across the face of the draft, and usually the word "accepted" and date in red ink.

FORM OF SIGHT DRAFT WITH ACCEPTANCE.

*$100.00* Columbus, Ga., *Jan. 6*, 1896.

*Sixty days after sight* Pay to the order of

*A. Student,* .....

*One Hundred* ..... $\frac{00}{100}$ DOLLARS,

Value received, and charge to the account of

To *J. A. Kirven & Co.*, *Columbus, Ga.* } *Clark & Thomas.*

**118. Brief Rules for Journalizing Drafts:**

1. Whenever you draw a draft or order on a person credit that person; debit what you receive, as in other cases.

2. Whenever you receive a sight draft drawn on another person, debit cash; credit what you dispose of, as in other cases.

3. Whenever you receive a time draft which has been accepted, debit Bills Receivable; credit what you dispose of, as in other cases.

4. Whenever a person draws a draft or order on you which you honor, debit that person; credit Bills Payable. Accepting a draft is the same in effect as giving your note.

5. Whenever a person draws a draft or order on you which you pay in cash, debit that person; credit Cash.

**119. Dating Acceptance.** When drafts are drawn at a specified number of days after sight, it is necessary to date the acceptance; when drawn at a given number of days after date, the date of acceptance is unnecessary.

**120. Place of Payment.** Drafts are payable usually at the drawee's place of business. They may, however, be made payable at any bank.

**121. Drafts for Collection and Discount.** Business firms frequently find it necessary to draw drafts upon customers before the accounts become due and discount at bank in order to raise cash. When this is done the drafts are drawn at such a number of days as will extend the payments on them until the time they become due.

**122. Bank Drafts** are drafts payable at sight, drawn by a cashier of a bank upon another bank in which the former bank has funds to its credit. A draft drawn upon a bank located in New York, is called New York Exchange. Sight drafts in our favor and bank drafts are **always** considered cash.

**FIRST NATIONAL COLLEGE BANK,**
**Of Atlanta, Ga.**

No. *6841.*

ATLANTA, GA., *Jan. 5,* 1896.

Pay to the order of *Miles & Lott,*.....

*One Hundred*.....$\frac{00}{100}$ DOLLARS, *$100.00*

**To CHEMICAL NATIONAL BANK, NEW YORK.**

*R. S. White,*
CASHIER.

**123. Indorsements:** When commercial papers are made payable to **Bearer,** no indorsement is required to make them transferable, but papers made payable to **order** must be indorsed.

(*Blank.*)
B. B. ADAMS.

(*For Money Paid.*)
$200.00. Received on the within note Two Hundred Dollars.
B. B. ADAMS.

(*Full.*)
Pay to the order of White, Smith & Co.
B. B. ADAMS.

(*Without Recourse.*)
Pay to John Hill, or order, without recourse.
B. B. ADAMS.

(*For Collection.*)
Pay to Fourth National Bank of Chicago, Ill., for collection, account of
B. B. ADAMS.

**124. Certified Check.** A certified check is a check that has been certified by the bank upon which it is drawn.

The cashier or teller writes or stamps across the face of the check "Certified," or "Good when properly indorsed," together with the date and his signature.

**Note.**—When a bank certifies a check, it becomes responsible for its payment, whether the drawer has funds to his credit or not. However, the cashier of a National Bank is not allowed to certify a check unless the depositor actually has the amount to his credit to pay it.

FORM OF CHECK CERTIFIED.

No. *67* Montgomery, Ala., *May 31*, 1896.

**FIRST NATIONAL COLLEGE BANK.**

Pay to *C. F. Beutel*,.....or order,

*Five Hundred*.....$\frac{00}{100}$ Dollars.

*$500.00* *Perry Spencer Massey.*

**125. Filing Papers.** In the following sets carefully file all drafts, notes, checks, receipts and other papers received.

A very convenient method of filing is to use large envelopes that have been sealed and the ends cut off. Use one envelope for each kind of paper and slip the notes, drafts, etc., into the proper envelope as soon as received.

## SET FOUR. PRACTICE WORK.

**Note.**—Journalize the following entries on foolscap paper and submit to your teacher for examination. All drafts called for must be written on foolscap paper. In making important entries use precedent given to you by your teacher.

(1) Deposited in College Bank, cash $1500.00.

(2) Gave L. H. Chappell a check for $75.00 in payment of one month's rent.

(3) Bought of Williams & Co., 360 Broad street, Columbus, Ga., on account, 60 days:

12 Sacks, 1500 lbs., Choice Coffee,
2 Buckets, 100 lbs., Fancy Candy,
25 Boxes, 625 lbs., XXX Crackers,
20 Bbls. Fancy Flour.

**Note.**—Enter in Journal-Day-book.

(4) Sold Hamberger, Scott & Co., on account, 60 days:

10 Bbls. Fancy Flour.

(5) Drew a sight draft on Clark & Co., Montgomery, Ala., in favor of Swift, Macy & Sons, for $1000.00, and remitted the same to them (Swift, Macy & Sons) to apply on account.

**Note.**—Write in proper form, the draft called for above. See form, page 70. Debit Swift, Macy & Sons, credit Clark & Co. See Rule No. 1, page 71.

(6) Gave Swift, Macy & Sons a check for $1000.00 to apply on account.

(7) Received of Perkins, Davis & Co., to apply on account, $500.00.

(8) Gave Lee Bros. my 60 day note, dated Jan. 5th, for $250.00, to apply on account.

(9) Sold to Clark & Thomas on account, 60 days:

50 Bbls. Fancy Flour,
5 Boxes, 125 lbs., XXX Crackers.

(10) Received from Clark & Thomas, to apply on account, their draft for $100.00, dated Jan. 6th, at 60 days after sight, on J. A. Kirven & Co., this city, in my favor, which the drawees have this day accepted, payable at the Merchants and Mechanics Bank.

**Note.**—Write draft, including acceptance, see Par. 117; debit Bills Receivable; credit Clark & Thomas. See Rule No. 3, page 71.

(11) Sold Lewis & Gregory on their note, 60 days:

20 Bbls. Fancy Flour.

(12) Discounted note received in transaction 11, at Bank. Amount, less 62 days discount, placed to my credit.

**Note.**—Make proper indorsement on note, see Par. 123.

(13) Sold Edge, Worthingham & Co., on account, 30 days:

10 Bbls. Fancy Flour,
5 Boxes, 125 lbs., XXX Crackers,
1 Sack, 15 lbs., Choice Coffee.

(14) Drew a draft, at 30 days from date, on Edge, Worthingham & Co., Atlanta, Ga., favor myself, for the amount of their account, and remitted to Swift, Macy & Sons to apply on account, less 33 days discount.

**Note.**—Write draft, favor yourself, with proper indorsement. Debit Swift, Macy & Sons, and Discount; credit Edge, Worthingham & Co. See Rule 1, page 71.

(15) Wishing to borrow some money, I discounted my 60 day note, $500.00, favor of Students' Commercial Bank, at Bank, and had proceeds placed to my credit.

(16) Paid Harris Bros.' sight draft on me for $100.00, dated Jan. 9, in favor of Lee Bros., by check.

**Note.**—Write draft. Debit Harris Bros.; credit Bank.

(17) Sold Miles & Lott, on account, 60 days:

2 Buckets, 100 lbs. Fancy Candy,

**Note.**—Enter in Journal-Day-book.

(18) Drew a draft, 30 days from date, on Miles & Lott, Columbus, Ga., in favor of myself, for one-half the amount of invoice sold in transaction 17, and discounted draft at Bank, proceeds placed to my credit.

**Note.**—Write draft with proper indorsement. Debit Bank and Discount; credit Miles & Lott. See Rule No. 1, page 71.

(19) Received from Miles & Lott, a draft for $100.00 drawn by the First National College Bank, of Atlanta, R. S. White, Cashier, on the Chemical National Bank, of New York, in their favor, and transferred by them to me by full indorsement.

**Note.**—Write draft with proper indorsement. See form of Bank draft, page 72. Debit Cash; credit Miles & Lott.

(20) Deposited for credit in Students' Commercial Bank, draft received in transaction 19.

**Note.**—Debit Bank; credit Cash.

(21) Sold Taylor & White on account, 90 days:

10 Bbls. Fancy Flour.

(22) Drew a 90 day draft, dated Jan. 16, on Taylor & White, Mobile, Ala., for one-half amount of invoice sold in transaction 21, and deposited with bank for acceptance.

**Note.**—Write draft, no Journal entry required until the draft has been accepted.

(23) Students' Commercial Bank notifies me that my draft drawn on Taylor & White has been accepted, payable at the Mobile National Bank.

**Note.**—Write acceptance. Debit Bills Receivable; credit Taylor & White. See Rule No. 3, page 71.

(24) Discounted Taylor & White's acceptance and had amount, less 93 days discount and 25 cents collection charges, placed to my credit.

**Note.**—Debit Collection, and Bank; credit Bills Receivable.

**Note.**—Submit your Practice exercise and all drafts called for in the practice work to your teacher for examination.

## SET FOUR.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(80) Test your cash to ascertain if correct before beginning this Set.

(81) Give check, $50.00, for one month's rent.

**Note.**—Hand to your teacher or Real Estate Agent, and enter on stub of Check-book.

(82) Sell Merchandise on account.

(83) Buy Merchandise on account.

(84) Buy Merchandise on account, 15 days.

(85) Sell Merchandise on account, 15 days.

(86) Draw draft 15 days from date on account of transaction 85, and have the same accepted.

**Note.**—It is unnecessary to enter this acceptance in the Bill-book, as it is discounted in the following transaction.

(87) Discount at Bank draft received in transaction 86, and have proceeds placed to your credit.

**Note.**—Debit Bank and Discount; Credit Bills Receivable.

(88) Sell Merchandise and receive in payment sight draft.

**Note.**—Sight drafts, your favor, are treated as cash.

(89) Buy Merchandise and give in part payment the sight draft received in transaction 88, and give check for balance.

**Note.**—The purchase should, of course, exceed the amount of the sight draft.

(90) Buy Merchandise and give in payment your 60 day note, no interest, indorsed by some student.

(91) Buy Merchandise on account.

(92) Buy at Bank with check, a bank draft favor of yourself for amount to equal the value of Merchandise bought in transaction 91. Indorse the draft and deliver in payment of goods purchased.

(93) Buy from Wholesale House, Merchandise, and give in part or whole payment a sight draft on some student

who owes you an account. If no one owes you on account, draw draft on your teacher.

(94) Buy Merchandise and give in payment a 10 days sight draft on yourself. Accept the draft and deliver it in payment for the amount of the invoice.

**Note.**—This draft when accepted by you becomes in effect Bills Payable to you. Enter in Bill-book.

(95) Sell Merchandise and receive in payment a sight draft.

(96) Sell Merchandise and receive in payment a draft drawn 30 days from date.

(97) Sell to your teacher Merchandise, and receive in payment his demand draft drawn on R. W. Massey & Co.

**Note.**—Write draft, present it to your teacher for signature, and then have R. W. Massey & Co. accept the same.

(98) Sell Merchandise to wholesale firm, and receive in payment their 15 days sight draft on your teacher.

**Note.**—Present draft for acceptance and record in Bill-book.

(99) Buy Merchandise and give in payment a sight draft drawn on some one who owes you on account. If no one owes you on account, give check for the amount of the invoice.

(100) Give check for Bills Payable due, if any. Collect for all Bills Receivable due, if any.

Take inventory, valuing Merchandise at market quotations. Make deposit and have Bank Pass-book balanced. Post to "Practice Ledger," make Balance-sheet and close Ledger. Submit work to your teacher. If correct, copy in "Good Ledger." Submit all papers in your possession to your teacher for examination.

## REVIEW QUESTIONS.

110. What is the object of Set Four? 111. What books are used? 112. What is a Draft? 113. The object of a Draft? 114. What are the parties to a Draft called? Which is the Drawer? Which is the Drawee? Which is the Payee? 115. In how many ways are Drafts drawn with reference to time? What are they? What are they called? 116. When are Sight drafts payable? When are Time drafts payable? 117. What is meant by "Acceptance"? How is it done? 118. Give the five brief rules for journalizing drafts. 119. When is it necessary to date an acceptance? When not necessary? 120. Where are drafts usually made payable? 121. How are drafts drawn for discount? 122. Define Bank draft, and state how it is used. 123. What is a Blank Indorsement? A Full Indorsement? An Indorsement without recourse? An Indorsement for collection? 124. Define Certified Check and state how it is used. What effect does a certified check have upon a bank? 125. How should business papers be filed? Is this important?

## EXAMINATION RECORD, SET FOUR.

Date.....Teacher.....

Questions.....Journalizing Practice.....

Good Journal.....Good Ledger.....

Balance-sheet.....Second Trial-balance.....

Re-Work.....

Copy.....

Business Papers.....Bill-book.....

| Bills Receivable. | Bills Payable. |
|---|---|
| Dr. side, $..... | Cr. side, $..... |
| Cr. side, $..... | Dr. side, $..... |
| Notes on hand, $..... | Notes outstanding, $..... |

Cash on hand, $.....

Cash in bank, $.....

# SET FIVE.

## ORDER OF WORK.

First.—Memorize paragraphs 126 to 130, inclusive.

Second.—Enter all the practice work of Set Five in your Cash-book and Practice Journal-Day-book and submit to your teacher for examination. Student should use the last part of the Cash-book for Practice Work, or use foolscap paper properly ruled.

Third.—Carry out the transactions of Set Five, entering all the cash items in Cash-book and other items in Journal and notes in the Bill-book.

Fourth.—Post Cash-book and Journal entries to "Good Ledger."

Fifth.—Make Balance-sheet and close Ledger.

Sixth.—Recite to your teacher review questions.

Seventh.—Submit all books to your teacher for examination and final grade.

**Special Notice:**—If students prefer they can use foolscap paper in journalizing all "Examples for Practice" instead of using "Practice Journal."

## SET FIVE. EXPLANATIONS AND DEFINITIONS.

126. **The Special object of Set Five** is to illustrate the use of the Cash-book as a principal book of entry, together with the Bank Account as an auxiliary account.

127. **The Books used** are the Journal-Day-book, Cash-book and Ledger as principal books, and the Bill-book, Check-book and Pass-book as auxiliaries.

128. **The Cash-book** is a book in which is recorded all cash received and expended. Cash received is entered on the left-hand page, and Cash paid out on the right-hand page. The amounts on either side are placed in the first money column. The second money column is used for totals and balance carried forward. If the total of the credit column be subtracted from the total of the debit column, the difference will represent the amount of Cash on hand.

**Note.**—In business the Cash-book should be closed and the Cash balance proved at the end of each day's business. All cash items are placed in the Cash-book, and not in the Journal.

129. **Posting from Cash-book.** All items from the Cash-book are posted direct to the Ledger. The explanation of "C. B." is written in the explanation column of the Ledger to show from what book the item was posted, also the page of the Cash-book is entered in the page-column. All items on the left-hand page of the Cash-book are credited in the Ledger with the amounts opposite their names, and the items on the right-hand page are debited in the Ledger in a similar manner. It is unnecessary to open an account with Cash in the Ledger, although it is frequently done by accountants; the balance, however, must be placed on the debit side of the Trial-balance. (For form of Cash-book see pages 88 and 89.)

130. **Bank Account.** It is a custom with some book-keepers to do as the student has been doing, to keep Ledger accounts with the bank the same as other personal accounts, while others have an extra column in the Cash-book for deposits and checks. Either of those methods require considerable extra work without any correspond-

ing gain. Should the bank account for any reason be overdrawn, the amount of overdraft should be written in **red ink** on the stub of the Check-book until such a time as a deposit will offset the difference. Under no circumstances should the Cash-book be closed while the bank account is overdrawn.

The stub of the Check-book affords a very convenient and appropriate place for the bank record, and this method is employed by the most modern accountants.

The left-hand page or back of the stub, may be ruled to record deposits and the balance in bank, or the face of the stub could contain the record of deposits made. When a deposit is made the amount should be added to the balance already in bank. When a check is drawn the amount should be brought directly opposite and deducted from the previous balance. See form on page 90.

Example: On January 1, we have a balance in Bank of $5,400.00. On the 2nd of the month we issue a check favor Alex. Rice for $2,500.00, which being deducted from the balance leaves still in Bank, $2,900.00. We deposit $315.00, which, added to the amount before in Bank, makes a total to our order of $3,215.00. On January 4, we gave a check favor of Samuel Alexander for $200.00, which deducted leaves a balance of $3,015.00. The Bank notifies us that they have collected J. L. McIntosh's note, our favor, for $225.00, and placed the amount, less 50 cents collection charges, to our credit. We enter this as "Col. $224.50" and add to the previous balance, and so on, adding when deposits are made and subtracting when checks are given.

**Note.**—The student will rule a sheet of paper to represent the stub of the Check-book and work out the above example and submit to the teacher.

## SET FIVE. EXAMPLES FOR PRACTICE.

Note.—A sheet of foolscap paper may be used to represent the stub of the Check-book. Two or more pages of the "Practice Journal" may be used to represent a "Practice Cash-book."

Student commenced business this day, May 1, 1896, by investing cash, $5000.00. J. M. Latham, your partner, invests cash, $8500.00. (Enter both amounts on the left-hand side of the Cash-book, which debits Cash, credits Student and J. M. Latham. See Cash-book, page 88.)

Paid rent of store in cash, $100.00. (Enter on the right-hand side of Cash-book, which debits Expense and credits Cash. See page 89.)

Deposited $2000.00 in First National College Bank. (As cash in bank is usually considered cash on hand, no Cash-book entry is required. Enter on stub of Check-book.)

Bought of Jones Bros. by check, Merchandise, $600.00. (Enter on right-hand side of Cash-book, Merchandise, and in the explanation column the name of seller, and subtract from balance in Bank as shown on the stub of Check-book.)

Petty cash sales for the day amounted to $465.00. (Small sundry sales are carried to the left-hand side of the Cash-book and entered as Merchandise.)

R. L. Lee pays his note of Jan. 5th, our favor, in cash. Face of note $565.00; interest to date $8.75. (Enter on left-hand side of Cash-book, Bills Receivable, $565.00; interest $8.75. See Cash-book, page 88.)

Sold W. S. Crane, City, for cash:

5 Boxes, 1250 Lbs., XXX Crackers,
10 Bbls. Family Flour..

(Enter in Cash-book, Merchandise. See page 88.)

Sold W. S. Crane, Eutaw, one-half cash, and his note payable in 30 days from date for balance:

25 Lbs. Cheese,
50 Bbls. Irish Potatoes.

(Enter in Cash-book on left-hand side, Merchandise for one-half the amount of the invoice. Make Journal entry, Bills Receivable to Merchandise for one-half the

value of the invoice. See Cash-book, page 88.)

Bought Merchandise of Goetter, Weil & Co., by check, $650. (Enter on right-hand side of Cash-book, and subtract from balance in Bank as shown by the stub of Check-book.)

Received cash from Black Bros., $100.00, to apply on account. (Enter on left-hand side of Cash-book,—Black Bros., $100.00.)

Deposited in Bank $450.00. (No Cash-book entry required. Add to balance in Bank as shown on the stub of Check-book.)

Gave H. W. & L. F. Smith a check for $75.00 to apply on account. (Enter on right-hand side of Cash-book,—H. W. & L. F. Smith $75.00, and subtract check from balance in Bank.)

Cash Merchandise sales, $685.00. (Enter on left-hand side of Cash-book.)

Bought for use in business, horse and wagon, and gave check, $250.00. (Enter on right-hand side, Expense, $250.00. This debits Expense and credits Cash. (Subtract the check from the balance in Bank as shown by the stub of Check-book.)

Had Cook & Co.'s note, our favor, $480.00, discounted at Bank, and had the amount, less $5.60 discount, placed to our credit. (Enter on left-hand side of Cash-book,—Bills Receivable, Cook & Co.'s note, $480.00. This debits Cash and credits Bills Receivable. On the right-hand side of Cash-book enter,—Discount, Cook & Co.'s note $5.60. This credits Cash for the amount paid for discount, and debits Discount for the amount it cost you. The difference between the amounts of these two entries will represent the amount of cash you received. On stub of Check-book enter,—Discounted note, $474.40—the net amount in bank to your credit. **GET THE DIFFERENCE BETWEEN THE** debit and credit columns of the Cash-book and submit it to your teacher. If the amounts are correct, balance and rule up Cash-book. See page 89.)

MAY 2.

Paid Blacksmith bill by check, $6.00. Cash, Merchandise sales, $600.00. Bought of Clay & Stephens, for cash, Merchandise, $60.00. Bought of West & Son, by check, Merchandise, $125.00. Bought of Cary & Co., by note one-half, cash one-half, Merchandise, $450.00. Cash Merchandise sales, $41.70. Received of John Percy, on account, his check for $185.00. Paid interest on my note favor Huff & Bro., $6.75. Bought a warehouse for our use and paid cash, $1,500.00; (debit Real Estate.) Had it insured for $1,000.00 and gave check $20.00 for premium on policy. Bought 10 shares Georgia Home Insurance stock at $85.00, par value $100.00. Gave check in payment. (Debit Georgia Home stock for $850.00.)

Cash Merchandise sales, $500.00. Sold Williams & Co., for cash:

60 Bu. Irish Potatoes,
60 Bbls. Fancy Flour,
600 Lbs. Fancy Coffee.

Paid taxes by check, $6.50. Deposited in Bank, cash, $500.00.

Cash Merchandise sales, $1,500.00.

J. M. Latham withdrew from business, cash $50.00. You make an additional investment of $1,000.00. Deposited in Bank, cash, $1,000.00. Ryder & Ryder owe us $500.00, which is considered doubtful. We effect a settlement by receiving $400.00 cash, and giving them a receipt in full. (Enter on left-hand side of Cash-book, "Ryder & Ryder, $400.00." Make a Journal entry debiting Loss and Gain, and crediting Ryder & Ryder $100.00.) Bought additional office fixtures, $65.00, and gave check for same. **Get the total of your debit and credit footings and submit to your teacher.** If correct, balance your Cash-book and carry the balance forward.

MAY 3.

Bought New York Exchange and remitted to Poole Bros., Chicago, to be placed to our credit. Gave check for face of draft, $565.00, and paid $7.50 cash for premium

on draft. J. M. Latham makes an additional investment of $2,000.00. Deposited this amount in Bank.

Drew a 60 day draft on Freeman Grocery Co., for $500.00, the amount of their account, and discounted at Bank at 6 per cent. per annum, and had proceeds placed to our credit. The Bank charged us 25 cents in addition to the discount for collecting the draft. (Debit Collection and Exchange for 25 cents.)

Bought safe for office use, $125.00, and gave check for same. Deposited $1,500.00 in the Bank. Paid B. Dickerson $150.00 by check in full of account of salary to date. Wishing to borrow some money, we discounted our 60 day note in favor of Bank for $500.00 and had proceeds placed to our credit.

Paid $10.00 for advertising in the Enquirer-Sun. Cash Merchandise sales, $600.00. Bought Merchandise by check, $600.00. Drew a 60 day draft on Dryer King for $250.00, the amount of his account, and left it at Bank for acceptance. (No Journal entry required until the draft has been accepted.) Bought New York Exchange, $600.00 and remitted to Graham & Scott to be placed to our credit. Gave check for face of draft and paid in cash, $1.25, the amount of the exchange.

The Bank informs us that our draft on Dryer King, drawn in above transaction, has been accepted. Received cash $16.75 of Drew & Lacy, in full for interest on their account to date. C. A. Winshop prepays his acceptance, $465.00, less $8.00, amount of discount. Borrowed $500.00 from W. P. Lassenger on our note at 30 days. Received of A. Z. Smith, to apply on account, his check on the Fourth National Bank for $25.00.

Discounted Dryer King's acceptance of 24th, and had amount, less 61 days discount, placed to our credit.

**Submit the total debits and credits of your Cash-book to your teacher. Rule and carry the balance forward.**

Bought Merchandise, $500 00 and gave check for same. Paid water tax, $4.00 in cash. Deposited $5.00 cash with the

Gas Company for a gas meter. (Debit Gas Company.) Cash Merchandise sales, $250.00. Deposited in Bank, cash $250. Paid our acceptance in favor of Berney & Co., $75.00 in cash. Received cash, $50.00, from T. T. Hall, in full of account.

Gave check of $600.00 for Merchandise, and $16.75 for freight on same. Paid by check our note, favor R. L. Hill; face, $125.00, interest $15.00. Loaned $500.00 to C. M. West for a few days, without security; gave check for amount. Gave check of $4.70 for printing bill-heads. Drew a 90 day draft for $125.00 on M. Buhler, the amount of his account, and discounted at Bank, proceeds received in cash. Cash sales, $64.75. Received cash, $95.00, for Merchandise that we returned to Young & Gauge on account of inferior quality. (Credit Merchandise.) Received from Harry Champagne a New York draft, $200.00, in full of account, which cost us $1.25 to collect.

Received from Sam Simons, to apply on account, $15.00. Received cash, $14.25, for Clark Howard's order on F. S. Crosby. Exchanged our safe for one a size larger, and paid a difference of $10.00 by check. John Smith prepays his note, our favor, of $65.00, less discount for 45 days.

Cash Merchandise sales, $65.00.

**Rule up your Cash-book and present it for examination and if work be approved, you may commence on the transactions for Set Five.**

## FORM OF CASH-BOOK.

1896. *May 1, 1896.*

| | L.F. | | | | | | |
|---|---|---|---|---|---|---|---|
| | | *A Student* | *For Investment* | 5000 | | | |
| | | *J. M. Latham* | " " | 8500 | | | |
| | | *Mdse.* | *Petty sales* | 465 | | | |
| | | *Bills Receivable* | *R.L.Lee, note of* $\frac{1}{5}$ | 565 | | | |
| | | *Interest* | *On above note* | 8 | 75 | | |
| | | *Mdse.* | *Cash sale* | 167 | 50 | | |
| | | *Mdse.* | *Sold Crane,* $\frac{1}{2}$ *cash* | 70 | 38 | | |
| | | *Black Bros.* | *On acc't* | 100 | | | |
| | | *Mdse.* | *Cash sale* | 685 | | | |
| | | *Bills Rec.* | *Cook & Co.'s note* | 480 | | | |
| | | | | | | 16041 | 63 |
| | | | | | | 16041 | 63 |
| | | | *May 2, 1896.* | | | | |
| | | *Balance.* | *Cash on hand.* | | | 14361 | 03 |
| | | *Mdse.* | *Cash sales.* | 600 | | | |
| | | *Mdse.* | *Cash sales.* | 41 | 70 | | |
| | | *John Percy.* | *On acc't.* | 185 | | | |
| | | *Mdse.* | *Cash sales.* | 500 | | | |
| | | *Mdse.* | *Cash sales.* | 445 | | | |
| | | *Mdse.* | *Cash sales.* | 1500 | | | |
| | | *A. Student.* | *Investment.* | 1000 | | | |
| | | *Ryder & Ryder.* | *On acc't.* | 400 | | | |
| | | | | | | 4671 | 70 |
| | | | | | | 19032 | 73 |

## FORM OF CASH-BOOK.

1896. *May 1, 1896.*

| | L.F. | | | | | | |
|---|---|---|---|---|---|---|---|
| | | *Expense* | *Paid rent for May* | 100 | | | |
| | | *Mdse.* | *Jones Bros. Inv.* 1 | 600 | | | |
| | | *Mdse.* | *Invoice No.* 2 | 650 | | | |
| | | *H.W. & L.F.Smith* | *On acc't* | 75 | | | |
| | | *Expense* | *Horse and Wagon* | 250 | | | |
| | | *Discount* | *Cook & Co.'s Note* | 5 | 60 | | |
| | | | | | | 1680 | 60 |
| | | *Balance* (Red ink) | *On hand* | | | 14361 | 03 |
| | | | | | | 16041 | 63 |
| | | | *May 2, 1896.* | | | | |
| | | *Expense.* | *Blacksmith Bill.* | 6 | | | |
| | | *Mdse.* | *Invoice No.* 5. | 60 | | | |
| | | *Mdse.* | *Invoice No.* 6. | 125 | | | |
| | | *Mdse* | *Invoice, ½ cash.* | 225 | | | |
| | | *Interest.* | *Huff's note.* | 6 | 75 | | |
| | | *Real Estate.* | *Warehouse.* | 1500 | | | |
| | | *Expense.* | *Insurance.* | 20 | | | |
| | | *Ga. Home Stock.* | *Bought @* 85.00. | 850 | | | |
| | | *Expense.* | *Paid taxes.* | 6 | 50 | | |
| | | *J. M. Latham.* | *Private use.* | 50 | | | |
| | | *Expense.* | *Fixtures.* | 65 | | | |
| | | | | | | 2914 | 25 |
| | | *Balance* (Red ink) | *Cash on hand* | | | 16118 | 48 |
| | | | | | | 19032 | 73 |

| | |
|---|---|
| *May 1, Dep.* | *2000* |
| No. *1* | |
| Date *May 1, '96.* | |
| To *Jones Bros.* | |
| For *Mdse* | |
| Amount | *600* |
| | *1400* |
| No. *2* | |
| Date *May 1, '96.* | |
| To *Goetter, Weil & Co.* | |
| For *Mdse.* | |
| Amount | *650* |
| | *750* |
| *May 1, Dep.* | *450* |
| | *1200* |
| No. *3* | |
| Date *May 1, '96.* | |
| To *H W. & L. F. Smith.* | |
| For *On acc't.* | |
| Amount | *75* |
| | *1125* |

FORM OF CHECK-BOOK, SHOWING BOOK ACCOUNT ON STUBS.

No. *1* Montgomery, Ala., *May 1*, 1896.

First National College Bank,

Pay to *Jones Brothers*, ..... or order,

*Six Hundred* ..... $\frac{00}{100}$ Dollars.

*$600.00* *A. Student.*

No. *2* Montgomery, Ala., *May 1*, 1896.

First National College Bank,

Pay to *Goetter, Weil & Co.*, ..... or order,

*Six Hundred and Fifty* ..... $\frac{00}{100}$ Dollars.

*$650.00* *A. Student.*

No. *3* Montgomery, Ala, *May 1*, 1896.

First National College Bank,

Pay to *H. W. & L. F. Smith*, ..... or order,

*Seventy-five* ..... $\frac{00}{100}$ Dollars

*$75.00* *A. Student.*

## SET FIVE. MEMORANDA FOR ACTUAL TRANSACTIONS.

(101) Give check, $50.00, to your teacher for one month's rent.

(102) Write an advertisement and submit to your teacher. State in the advertisement what class of goods you are handling, together with any other information you may choose to give.

(103) Order a bill of Merchandise from firm No. 1 and direct them to charge to your account at 30 days.

**Note.**—The student may order such quantities of Merchandise as he may choose, not exceeding $500.00. Write letter giving reference as to your financial standing and submit to your teacher. If approved, take press copy. See model of letter in "Book of Forms."

If the student prefers, he may dictate some of his letters to the shorthand students, but of course each letter and order should be copied before mailing. Hand your letters to your teacher, who will mail them.

(104) Order a bill of Merchandise on account 15 days, from firm No. 2.

(105) Order a bill of Merchandise (on such terms as the student may desire) from firm No. 3.

(106) Order a bill of Merchandise from firm No. 4.

(107) Order a bill of Merchandise from firm No. 5.

(108) Buy Merchandise and give in payment your 30 day note.

(109) Sell Merchandise and receive in payment a 15 day note.

(110) Discount at Bank draft received in transaction 96, and have proceeds placed to your credit.

**Note.**—On the debit side of the Cash-book, write Bills Receivable and amount; on credit side write Discount, with amount. Enter the amount of the net proceeds to your balance as shown by the stub of the Check-book.

(111) Sell Merchandise for cash. (113)

(112) Buy Merchandise with check.

(113) Buy Merchandise and give in payment check. (111)

(114) Sell to Wholesale House Merchandise on account.

(115) Order a bill of Merchandise from firm No. 6.

(116) Sell Merchandise and receive in payment, cash for one-half the amount of the invoice; balance to remain on account.

(117) Buy Merchandise and give in payment check.

(118) Draw a 30 day sight draft on wholesale house for the amount of Merchandise sold to them in transaction 114, and discount it at the Bank, having proceeds placed to your credit.

(119) Sell Merchandise for cash. (120)

(120) Buy Merchandise and give check. (119)

(121) Sell Merchandise for cash. (122)

(122) Buy Merchandise and give check. (121)

(123) Draw 10 day sight drafts on all persons who owe you on account, if any, and discount them at Bank, having proceeds placed to your credit.

(154) Pay clerk hire, $10.00.

**Note.**—Give check to your teacher.

(125) Sell Merchandise and receive in payment cash for one-half, and a 30 day note, no interest, balance.

**Note.**—Balance and rule up Cash-book. Be sure that the difference agrees with the amount of cash on hand, plus the amount in Bank to your credit. If your cash balance is not correct report the matter at once to your teacher. Have your Bank-book balanced. Post to your "Good Ledger," and make Balance-sheet. Close all accounts in the Ledger. Render statements to all firms due you. Submit work to your teacher and commit to memory the following

## REVIEW QUESTIONS.

126. What is the object of Set Five? 127. What books are used? 128. What is the Cash-book? How is the cash on hand ascertained? How often should the Cash-book be closed? 129. How is the work of posting from the Cash-book performed? What explanation should be in the Ledger? Is it necessary to open a Ledger account with cash? 130. How is the Bank account kept as an auxiliary account?

## EXAMINATION RECORD, SET FIVE.

Date..... Teacher.....

Questions..... Journal-Day-book.....

Cash-book ..... Journalizing practice.....

Practice Ledger..... Good Ledger.....

Balance-sheet..... Second Trial-balance.....

Re-work.....

Copy.....

Business papers..... Bill-book..... ....

Check-book Stub..... Draft-book Stub.....

Note-book Stub ..... Merchandise box.....

Notes on hand..... Statements rendered.....

Cash: { On Hand $..... / In Bank $..... .....

Total $.....

Date of commencing set.....

Date finished..... .....

Total number of days.....

# SET SIX.

## ORDER OF WORK.

First.—Memorize paragraphs 131 to 132, inclusive.

Second.—Enter all the Practice Work on pages 95 to 98 in your "Practice Cash-book" and "Practice Sales-book." Rule and foot these books and submit to your teacher. The student might use the Day-book for a "Practice Sales-book" and "Practice Cash-book."

Third.—Carry out the actual transactions of Set Six, entering all sales in Sales-book, cash in Cash-book, other entries in Journal-Day-book, and notes in Bill-book.

Fourth.—Post your "Good" books to "Good Ledger."

Fifth.—Make Balance-sheet and close Ledger.

Sixth.—Recite to your teacher review questions on page 101.

Seventh.—Submit all your books to your teacher for examination and final grade.

## SET SIX. EXPLANATIONS AND DEFINITIONS.

**131. The Object** of Set Six is to illustrate the use of the Sales-book as a principal book of entry.

**132. The books used** in this set are the same as those employed in Set Five, with the addition of the Sales-book.

**133. The Sales-book** is a book in which is recorded all sales of the business. The size and ruling of this book is similar to the Journal, and where the business is extensive, several sets of Sales-books may be used to an advantage. While the Entry clerks are filling orders from the Sales-book, the Book-keeper can be posting from others, thus facilitating matters. The entries in the Sales-book are posted to the debit side of the customers' account in the Ledger, or if sold for cash the entry is checked and entered upon the Cash-book. At the end of the month the total sales is carried to the credit of the Merchandise account in the Ledger, thus effecting a great saving in posting.

## SET SIX. EXAMPLES FOR PRACTICE.

**Note.**—The following is an exercise in the use of the Sales-book, and should be carefully entered in that book for your Teacher's inspection.

After the total sales are added and the Sales-book ruled it need not be posted to the Ledger, as this is practice work.

JUNE 1, 1896.

Sold to Price & Fisher, Montgomery, Ala., terms, on account, 10 days, less 2% cash in 5 days:

2 Sacks, 250 Lbs., Fancy Coffee,
2 Bbls., 500 Lbs., Stick Candy.

Sold Jolin Davis, Augusta, Ga., terms on account, 5 days, less 1% cash:

1500 Lbs. XXX Crackers,
350 Lbs. Cheese,
160 Bbls. Fancy Flour.

Sold J. & O. Collins, City, terms on account, 30 days:

125 Lbs. Choice Coffee,
250 " Fancy Coffee.

Sold John Purifoy, City, terms, on account, 30 days;
500 Lbs. Stick Candy.
250 " Fancy Candy,
Ordered by telegraph of Sims & Lewis, Chicago:
100 Boxes, 250 Lbs., XXX Crackers.
Paid for telegram in cash, 75 cents.

JUNE 2.

Sold Walker, Knabe & Co., City, terms, 20 days:
5 Bbls. Fancy Flour.
Remitted C. W. Parsons, Mobile, Ala., our check for $500.00 in payment of account, less 2% discount.
Sold to Geo. Wells, terms, on account, 60 days:
25 Doz. Eggs.
Sold J. Collins, City, terms, account 15 days:
1500 Lbs. Rice,
10 Bbls. Fancy Flour.
Sold J. & S. Hickson, City, terms, note, payable 60 days with 6% interest for one-half, balance on open account, 30 days:
250 Lbs. Fancy Coffee.
Sold John Davis & Co., Greensboro, terms, on account 15 days, less 2% cash five days:
10 Bbls. Fancy Flour,
10 Bbls. Family Flour.
Cash sales for day per cash drawer, $162.50.
Sold to S. F. Kimball, terms, on account, 60 days:
1500 Lbs. Rice.
Received from John Davis & Co., their check, in payment of their purchase in above transaction, less 2% discount.

JUNE 3.

Sold to J. A. Davis & Sons, terms, on account, 30 days:
150 Lbs. XXX Crackers.
Sold F. Durrell, terms, on account, 15 days:
250 Lbs. Fancy Coffee.
Sold W. J. Little & Co.
750 Lbs. Fancy Candy.

Received in payment their 30 day draft on Lewis & Co., Birmingham, which the drawees have this day accepted. payable at First National Bank of Birmingham.

Sold S. H. Garner, on account, 5 days:

10 Bbls. Fancy Flour.

Sold J. O. Lewis, terms, on account, 5 days:

1500 Lbs. Cheese,
125 Lbs. Rice,
250 Lbs. XXX Crackers.

Sold Henry Miller, terms, on account:

250 Lbs. Choice Coffee,
125 Lbs. Fancy Coffee,
500 Lbs. XXX Crackers,
125 Lbs. Cheese.

Discounted Lewis & Co.'s acceptance at Bank, transaction above; and had amount, less 33 days discount, placed to our credit.

Sold G. F. Hart, terms cash:

10 Bbls. Fancy Flour,
10 Bbls. Family Flour.

JUNE 4.

Sold Edwin Philips, terms, cash:

250 Lbs. Fancy Candy.

Received, by College R. R., from Sims & Lewis, Chicago, goods ordered by telegraph in transaction 5, and per their invoice, terms, 60 days, 2% 30 days, 4% cash Remitted them check in full of their account, less cash discount.

Sold W. M. Amos, terms ½ cash, balance 30 days, less 5% cash 5 days.

Sold H. O. Bishop, terms, note payable 30 days for one-half; and balance on account:

250 Lbs. Fancy Coffee.

Sold K. L. Dowling, terms, note payable 30 days for one-quarter, cash one-quarter balance on account 30 days:

1500 Lbs. Rice.

Sold J. W. Field & Co., terms, ⅓ cash, balance sight draft on Percy Bros.

750 Lbs. XXX Crackers.

Sold Godfry Co., terms sight draft on Lee & Lee, Clayton, Ala.:

500 Lbs. XXX Crackers.

Sold to the H. & B. Fry Co., terms, cash:

600 Lbs. XXX Crackers,
125 " Fancy Coffee,
125 " Choice Coffee,
125 " Rice.

JUNE 5.

Sold Holmes & Holmes, terms, their note payable at 60 days, indorsed by J. O. Scott:

650 Lbs. Fancy Candy.

Discounted Holmes & Holmes note at Bank and had amount, less 63 days discount, placed to our credit.

Sold H. S. Cleckly, terms, cash:

125 Lbs. Fancy Coffee,
1000 " Choice Coffee,
500 " Fancy Candy,
500 " Stick Candy,
500 " Rice,
100 Doz. Eggs.

Sold John Davis & Co., terms, 10 days, less 5%:

125 Lbs. Choice Coffee,
150 Lbs. XXX Crackers.

Sold Jolin Davis, Augusta, Ga., terms on account, 5 days, less 1% cash:

1500 Lbs. XXX Crackers,
350 Lbs. Cheese,
150 Bbls. Fancy Flour.

Bought of C. W. Parsons, Mobile, Ala., 30 days, less 2% cash 10 days:

150 Lbs. Rice,
250 Lbs. Fancy Coffee,
750 Lbs. Choice Coffee.
Boxing and Cartage, $2.50.

Received from Price & Fisher, Montgomery, their check on the Planters & Merchants National Bank for invoice of first instant, less 2% for cash.

## FORM OF SALES-BOOK, SET SIX.

*June 1, 1896.*

| L.F. | | | | | |
|---|---|---|---|---|---|
| 3 | *Price and Fisher, Montgomery,* | | | | |
| | 10 *days;* 2% 5 *days* (*See Note* 1). | | | | |
| | 2 *Sacks,* 250 *lbs., Fancy Coffee,* @ 25. | 62 | 50 | | |
| | 2 *Bbls.,* 500 *lbs., Stick Candy,* @ 9½. | 47 | 50 | 110 | 00 |
| 8 | *Jolin Davis, Augusta,* | | | | |
| | 5 *days;* 1% *Cash.* | | | | |
| | 1500 *Lbs. XXX Crackers,* @ 11. | 165 | | | |
| | 350 " *Cheese,* @ 13. | 45 | 50 | | |
| | 160 Bbls. *Fancy Flour,* @ 3.75. | 600 | | 810 | 50 |
| 16 | *J. & O. Collins, City,* | | | | |
| | 30 *days net.* | | | | |
| | 125 *Lbs. Choice Coffee,* @ 22. | 27 | 50 | | |
| | 250 " *Fancy* " @ 25. | 62 | 50 | 90 | 00 |
| 7 | *John Purifoy, City,* | | | | |
| | 30 *days net.* | | | | |
| | 500 *Lbs. Stick Candy,* @ 9½. | 47 | 50 | | |
| | 250 " *Fancy* " @ 15. | 37 | 50 | 85 | 00 |
| | | | | 1095 | 50 |

**Note 1.**—The meaning of the above term is that Price & Fisher have ten days from date of invoice in which to pay it, and if they pay it within five days from that date, they are entitled to a discount of 2 per cent. on the face of the invoice.

**Note 2.**—When a cash sale is made to a regular customer having a Ledger account, enter the sale on the Sales-book, that a record of the transaction can be preserved. All petty cash sales are entered, after each day's business, direct to the left side of the Cash-book, with the explanation, "Mdse. sales."

## SET SIX. MEMORANDA FOR ACTUAL TRANSACTIONS.

(126) Your partner wishing to retire from business, you will give him a check for the amount of his Present Worth, as shown by the Ledger at the close of Set Five. You will continue business under the same firm name. Write a notice of dissolution (see form in Book of Models, teacher's desk) and post on Bulletin Board. Write a letter to each of your foreign correspondents informing them of the dissolution. (For form of this letter see Book of Models.)

(127) Order a bill of Merchandise from firm No. 7.

(128) Order a bill of Merchandise from firm No. 8.

(129) Order a bill of Merchandise from firm No. 9.

(130) Order a bill of Merchandise from firm No. 10.

(131) Order a bill of Merchandise from firm No. 11.

(132) Buy Merchandise.

(133) Sell Merchandise on account.

(134) Sell Merchandise, $\frac{1}{2}$ cash, balance on account, 10 days.

(135) Sell Merchandise for 30 day note, no interest. Discount note.

(136) Sell Merchandise, $\frac{1}{4}$ cash, balance on account.

(137) Sell Merchandise, $\frac{1}{3}$ cash, $\frac{1}{3}$ note, balance on account, 10 days.

(138) Sell Merchandise for certified check.

(139) Sell Merchandise on account.

(140) Sell Merchandise on account.

(141) Sell Merchandise and receive in payment sight draft.

(142) Sell Merchandise and receive in payment 60 day note. Discount note at Bank.

(143) Sell Merchandise and receive demand draft.

(144) Sell Merchandise and receive in payment time draft which has been accepted.

(145) Sell Merchandise on account.

(146) Sell Merchandise on account.

(147) Sell Merchandise for cash

(148) Sell Merchandise, ½ cash, balance sight draft.
(149) Sell Merchandise on account.
(150) Sell Merchandise on account.

**Note.**—Balance and rule up Cash-book. Be sure that the difference agrees with the amount of cash on hand, plus the net amount in Bank to your credit. Have your Bank-book balanced. Foot up your Sales-book and credit Merchandise in one entry for total sales, with explanation in explanation column of Ledger, "S. B." Debit all entries from Sales-book. Post your Good Ledger. Make Balance-sheet and close Ledger. Render statements to all firms owing you. Submit to your teacher for examination.

## REVIEW QUESTIONS.

131. What is the object of Set Six? 132. What books are used? 133. What is the Sales-book? How used? How is the posting done? What advantage is gained by the use of the Sales-book? How often should the Sales-book be posted?

## EXAMINATION RECORD, SET SIX.

Date.....Teacher.....

Questions.....Journal-Day-book.....

Ledger .....Balance-sheet.....

Sales-book..... .....Cash-book.....

Business Papers.....Bill-book .....

Stubs of { Note-book ..... / Draft-book ..... } Cash : { On hand..... ..... / In bank..... }

| Bills Receivable. | Bills Payable. |
|---|---|
| Dr. side..... | Cr. side.. .. ..... |
| Cr. side..... | Dr. side..... |
| On hand..... | Notes out..... |

Date of commencing Set..... ..... ..... ..... .....

Date finished.....

Total number of days.....

Re-work.....

Copy..... .....

Statements rendered.....

Condition of { Mdse. box..... / Desk..... / Business Papers..... }

# SET SEVEN.

## ORDER OF WORK.

First.—Memorize pargraphs 134 to 151.

Second.—Enter all practice work on pages 107 to 109 in your "Practice Journal," and submit to your teacher for examination.

Third.—Carry out the Actual Transactions of Set Seven, entering all cash items in the Cash-Book, and notes in the Bill-book.

Fourth.—Post to your "Good Ledger."

Fifth.—Make Balance-sheet and close your Ledger.

Sixth.—Recite review questions on page 112.

Seventh.—Submit all your books to your teacher for examination.

## SET SEVEN. EXPLANATIONS AND DEFINITIONS.

**134. The object** of Set Seven is to illustrate a simple form of keeping commission books.

**135. The books used** are the Journal-Day-book, Cash-book and Ledger, with Bill-book and Check-book as auxiliaries.

**136. Shipping Business.** When the proprietor of the business is engaged in buying goods and shipping them to others to be sold on his account, he is conducting a **Shipping Business.**

**Commission and Shipping.** When the proprietor not only ships goods to be sold on his account, but also receives goods to be sold on commission, is said to be conducting both a **Shipping and Commission Business.**

**137. Shipments.** When you ship goods to be sold on your account and risk, you open an account in your books with "Shipment" to represent the property which has passed from your possession. When several shipments are made to the same person or firm, you designate each by a number, thus: "Shipment to Southern Commission Co., No. 1." The second shipment to this firm would be, "Shipment to Southern Commission Co., No. 2," etc., each shipment to this firm having a different number.

**138.** The person who ships goods to be sold on his account and risk is the **Consignor.**

**139.** The person receiving the goods is called the **Consignee.**

**140.** When the goods have been sold, a statement showing the sales and all charges, is rendered to the consignor, which is called **Account Sales.**

FORM OF AN ACCOUNT SALES.

COLUMBUS, GA., *March 6, 1894.*

FOR *J. O. Manning, Dallas, Texas.*

Account Sales, *200 doz. Eggs.*

**Sold by SOUTHERN COMMISSION COMPANY.**

| | | | | | | |
|---|---|---|---|---|---|---|
| *Feb.* | *8* | *Sold for cash, 200 doz. Eggs @ 20c* | | | *40* | |
| | | CHARGES. | | | | |
| | 2 | Freight | *5* | | | |
| | 8 | Storage | *2* | | | |
| | 8 | Commission, 10 % on sales | *4* | | *11* | |
| | | *J. O. Manning's net proceeds,* | | | *29* | |

**141. The net proceeds** is the difference between the total sales and total charges.

**142.** Shipment accounts will show a **Loss or Gain**. If the statement is made of the business before receiving the "net proceeds" of a shipment, the value of the shipment is considered a **resource inventory.**

**143. Debit a shipment** at the time the property is shipped, for its value or cost to you, and all expenses.

**144. Credit a shipment** when an account sales is received.

**145.** When goods are received by you to be sold on account and risk of other persons, it is called a **consignment,** and such an account would be opened in your Ledger to represent goods in your possession, but not your ownership.

**146. Different consignments** are distinguished in the same manner as shipments, i. e., by number, thus: "R. W. Massey's Consignment No. 1." The next consignment received from R. W. Massey would be, "R. W. Massey's Consignment No. 2."

**147.** Consignments must always balance after the closing entry has been posted, debiting the "Consignment" for all charges and net proceeds.

**148.** Should a statement of the business be made before closing a consignment, and the charges upon it at the time of making the statement exceed the sales, the excess would represent a **Resource**; if the sales exceed the charges, the excess would be a **Liability.**

**149. Debit a consignment** for all charges made when the property is received, and for all subsequent charges, as well as the net proceeds.

**150. Credit a consignment** for all sales belonging to it.

**151.** After you have debited the "Consignment" for all charges and net proceeds, it will **Balance.**

## SET SEVEN. EXAMPLES FOR PRACTICE.

(1) Student will now commence a Shipping and Commission business.

(2) Bought by check, 100 Bbls. Fancy Flour at $3.00; 100 Bu. Sweet Potatoes at 50c; 100 Bu. Irish Potatoes at $1.00; 180 Doz. Eggs at 10c. (Enter on Check-book.)

(3) Shipped to Southern Commission Co., Mobile, Ala., to be sold on our account and risk, 180 Doz. Eggs, invoiced at 12c. per doz. Paid cartage by check, $5.00. (Dr. in Journal, Shipment to Southern Commission Co., No. 1, for the value of the Eggs, and Dr. in the Cash-book the cost of the cartage; Cr. Merchandise in the Journal for the value of the Eggs, and Cr. Cash in Cash-book for the amount paid for cartage. See Pages 104 and 105 )

(4) Shipped Fred Johnson & Co., New Orleans, to be sold on our account and risk, 50 Bbls. Fancy Flour, invoiced at $3.00. Paid cartage in cash, $10.00. Make entries similar to preceding transaction. (See pages 104 and 105.)

(5) Shipped J. W. Pease & Sons, Chicago, to be sold on our account and risk, 50 Bbls. Fancy Flour, invoiced at $3.00. Gave check, $19.00, for cartage and insurance. (See pages 104 and 105.)

(6) Received from C. A. Tingle & Co., Cedar Rapids, to be sold on their account and risk, 1000 Lbs. Fancy Coffee. Paid freight and cartage on same, $8.75, by check. (Dr. Tingle & Co.'s Consignment No. 1 for amount of charges.) (See Par. 149.)

(7) Sold for cash, 500 Lbs. Fancy Coffee, at 22 cts., belonging to Tingle's Consignment No. 1. (Cr. in Cash-book Tingle's Consignment No. 1.)

(8) Received from C. A. Tingle & Co., Cedar Rapids, (Consignment No. 2) to be sold on their account and risk, 2000 Lbs. Rice. Paid freight, $15.00, on same by check.

(9) Sold H. H. Daniel, on his note, payable in 60 days, 500 Lbs. Fancy Coffee at 23c., belonging to Tingle's Consignment No. 1.

(10) Closed C. A. Tingle & Co.'s Consignment No. 1, and rendered them an account sales. Storage charges, $2.75, commission 10 per cent. on sales. Net proceeds placed to their credit. (Dr. Tingle's Consignment No. 1, $216.25, Cr., Storage $2.75, Cr. Commission $22.50, Cr. C. A. Tingle, $191.00, for net proceeds.

(11) Sold Jacob & Hirsch, on account, 500 Lbs. of Rice at 4c., belonging to Tingle's Consignment No. 2.

(12) Shipped to Southern Commission Co. (shipment No. 2,) to be sold on our account and risk, 50 Bu. Sweet Potatoes, invoiced at 50c. Prepaid freight on same, $10.00, by check. (Dr. Shipment to Southern Commission Co., No. 2. Cr. Merchandise and Cash.)

(13) Received from Fred Johnson & Co., New Orleans, an account sales of Flour shipped to them on the 4th inst. Net proceeds, due in 60 days, placed to our credit, $185.00. (Dr. Fred Johnson & Co., and Cr. Shipment to Fred Johnson & Co., No. 1. See Par. 147.)

(14) Sold David Hirsch, on account, 500 Lbs. Rice, at 5c., belonging to Tingle's Consignment No. 2.

(15) Sold Baker, Benedict & Reynolds, half cash, balance on account, 60 days, 500 Lbs. Rice at 5½c., belonging to Tingle's Consignment No. 2.

(16) Sold West-Bakefield Co., for cash, 500 Lbs. Rice, at 5½c., belonging to Tingle's Consignment No. 2. (Cr. Tingle Consignment No. 2 on Cash-book.)

(17) Closed C. A. Tingle & Co.'s Consignment No. 2, and rendered them an account sales. Charged for storage, $5.00; commission, 12 per cent. on sales. Net proceeds paid in cash. (Cr. C. A. Tingle & Co. in Journal for net proceeds, and Dr. them in Cash-book for the amount paid them for net proceeds.)

(18) Received from Southern Commission Co., Mobile, an account sales of Eggs shipped to them on 3d inst.

Net proceeds, $18.00, remitted to us by New York draft. (Cr. Shipment to Southern Commission Co., No. 1, on Cash-book.)

(19) Received from J. W. Pease's Sons, Chicago, an account sales of Flour shipped to them on 5th inst., and their note for $180.00, payable in 30 days.

(20) Shipped J. W. Pease's Sons, Chicago, 200 Doz. Eggs, which we bought to-day @ 12½c., giving our check for same. Prepaid freight, $5.00, in cash.

(21) Sold Lewis & Gregory, for cash, 25 Bu. Sweet Potatoes @ 75c.

(22) Sold Henry & Ingram, on their 60 day note, 25 Bu. Sweet Potatoes @ 65c.

(23) Bought by check, 180 Doz. Eggs @ 15c.

(24) Sold for cash, 90 Doz. Eggs @ 16½c.

(25) Bought by check, 250 Doz. Eggs @ 16c., and shipped the same to Southern Commission Co., Mobile, to be sold on our account and risk. (Shipment No. 3.)

(26) Received from Curtis, Philips & Lang, Camden, to be sold on their account and risk, 500 Gals. Florida Syrup. Paid freight on same by check, $100.00.

(27) Received from J. W. Pease's Sons, Chicago, an account sales of Eggs shipped on 20th inst. They request us to draw at sight for $20.00, the amount of our net proceeds. Drew draft and deposited at Bank for collection.

(28) Sold Walter Baker & Co., for cash, 250 Gals. of Florida Syrup, belonging to Curtis, Philips & Lang's Consignment No. 1, @ 25c.

(29) The Bank informs us that our draft drawn on J. W. Pease's Sons on 27th inst., has been paid and the amount, less 25 cents collection charges, placed to our credit.

(30) Walter Baker & Co. claim a rebate of 12½ per cent. on the Florida Syrup bought of us on the 28th inst., on account of inferiority of the goods. We allow the rebate and give our check for the amount. (Dr. Curtis, Philips & Lang's Consignment No. 1.)

(31) A fire in our warehouse destroyed the remaining 250 Gals. of Florida Syrup belonging to Curtis, Philips & Lang's Consignment. No insurance.

(32) Informed Curtis, Philips & Lang of the loss by fire, and that we have charged the amount due us on their consignment to their account.

(33) **Inventories.** Shipment to Southern Commission Co. Nos. 2 and 3. (See Par. 148.) Merchandise on hand $150.00.

## SET SEVEN.
## MEMORANDA FOR ACTUAL TRANSACTIONS.

(151) You will now engage in the Shipping and Commission business by investing the Resources and Liabilities as shown by your Ledger at the close of Set Six.

Give check $50.00, for one month's rent.

(152) Deliver to the Commission house (or your teacher if the Commission house is not in operation), a bill of goods to be sold on your account and risk.

(153) Receive from R. W. Massey & Co., an invoice of merchandise to be sold on their account and risk. Give check for $5.00 for drayage.

**Note.**—When goods are received by you to be sold on the account and risk of others, place them in an envelope and mark them properly.

(154) Receive from any student an invoice of Mdse. to be sold on his account and risk. Give check, $2.00, for drayage.

(155) Receive from your teacher an invoice of Mdse. to be sold on his account and risk. Store the goods in your warehouse and give check, $10.00, for insurance on same.

(156) Sell for cash, part of R. W. Massey & Co.'s Consignment No. 1.

(157) Receive from R. W. Massey & Co. (Massey's Consignment No. 2) an invoice of Mdse. to be sold on their account and risk.

(158) Sell for cash balance of goods belonging to R. W. Massey & Co.'s Consignment No. 1, and render them an account sales. Charge 10 per cent. for commission, and give your check for the amount of their net proceeds.

(159) Sell for note, 10 days, part of Student's Consignment No. 1. (See transaction No. 154.)

(160) Sell for cash, 15 per cent. below market price, Mdse. belonging to your teacher's Consignment No. 1, (See transaction No. 155) and render him an account sales. Charge him 15 per cent. for commission, 1 per cent. for storage, and give him check for the amount of net proceeds.

(161) Sell for cash balance of Mdse. belonging to Student's Consignment No. 1, and render him an account sales. Charge 10 per cent. on gross sales for commission, 1 per cent. for insurance, and 1 per cent. for storage. Give him your 5 day note for the amount of his net proceeds.

(162) Sell on account, 10 days, 10 per cent. below market price, Mdse. belonging to R. W. Massey & Co.'s Consignment No. 2, and render them an account sales. Charge 8 per cent. commission, and 1 per cent. for guaranty. Give check for the amount of their net proceeds.

(163) Receive from any student an invoice of Mdse. to be sold on their account and risk. Buy part of this Consignment for your private use, and charge the amount to yourself.

(164) Call at Commission house for an account sales of shipment sent in transaction 152. Receive check for the amount of your net proceeds.

(165) Re-ship to A. Student balance of Mdse. belonging to his Consignment received in transaction 163. Render an account sales for the part sold. Charge 10 per cent. commission, and give them check for the amount of their net proceeds.

Make an inventory of goods on hand. Post, make Trial Balance-sheet. Close your Ledger and present to your teacher. You may then prepare yourself for an examination upon the following

## REVIEW QUESTIONS.

134. What is the object of Set Seven? 135. What books are used? 136. What is a Shipping business? What is a Commission and Shipping business? 137. What is done when you receive a Shipment? 138. Who is the Consignor? 139. Who is the Consignee? 140. What is an Account sales? 141. What is meant by Account sales? 142. Will Shipment Accounts show a loss or a gain? 143. For what do you debit a Shipment? 144. What credited? 145. What is a Consignment? 146. How are the different Consignments distinguished? 149. For what is a Consignment debited? 150. For what credited? 151. When will a Consignment balance?

## EXAMINATION RECORD. SET SEVEN.

Date..... Teacher.....

Questions..... Journal-Day-book.....

Ledger..... Balance-sheet.....

Cash-book..... Bill-book .....

Business Papers..... Cash on hand .....

Notes on hand..... Notes outstanding.....

Statements rendered.....

Re-work.....

Copy.....

Date of commencing Set.....

Date finished..... .....

Total number of days.....

# SET EIGHT.

## ORDER OF WORK.

First.—Memorize paragraphs 152 to 162, inclusive.

Second.—Enter all the Practice Work on pages 116 and 117 in your "Practice Cash-book" and "Practice Journal," Rule and foot these books and submit to your teacher.

Third.—Carry out the actual transactions of Set Eight, entering all cash in Cash-book, other entries in Journal-Day-book, and notes in Bill-book.

Fourth.—Post your "Good" books to "Good Ledger."

Fifth.—Make Balance-sheet and close Ledger.

Sixth.—Recite to your teacher review questions on page 121.

Seventh.—Submit all your books to your teacher for examination and final grade.

## SET EIGHT. EXPLANATIONS AND DEFINITIONS.

**152. The object** of Set Eight is to illustrate single entry book-keeping, and the manner in which the same may be changed to double entry.

**153. The Books** used are the Journal-Day-book, Cash-book, Ledger, Bill-book and Check-book.

**154. Single Entry.** In single entry personal accounts **only** are kept in the Ledger; therefore, only personal accounts should be journalized.

**155. Journalizing.** In journalizing in single entry, it is necessary to write Dr. or Cr. after each entry, as there is no corresponding debit or credit item.

**156. Posting.** All posting is done from the Journal. A record of notes and drafts is usually kept in the Bill-book, and cash received and paid out in the Cash-book; and other books of record may be used to meet the demands of the business. In no case, however, is posting done from these books.

**157. Resources.** The Resources of a business kept by single entry can be ascertained by taking the balance of personal accounts due the proprietor according to the Ledger, and adding to the total of these amounts, cash on hand, the amount of Bills Receivable and the value of all inventories.

**158. Liabilities.** The Liabilities can be found by adding the amount due other persons to the value of Bills Payable.

**159. Present Worth.** Subtract the amount of the Liabilities from the Resources, and the difference will give the proprietor's Present Worth.

**160. The Net Gain or Loss.** The Present Worth, compared with the investment, or Present Worth at a former time, will show the Net Gain or Loss. As no Loss and Gain accounts are kept in the Ledger, the source of the Gain or Loss cannot be ascertained, as in double entry.

**161. Changing the Books to Double Entry.** The first step to be taken is to make out a statement of Re-

sources and Liabilities; then make a Journal entry, **debiting** the **Resources** and **crediting** the **Liabilities.** Subtract the total Liabilities from the sum of the Resources, and the difference will be the proprietor's **Present Worth,** for which you credit. This balances the Journal entry.

**162.** As **personal accounts only** are kept in the Ledger in single entry book-keeping, it becomes necessary, in changing to double entry, to open accounts for all things that show the Resources and Liabilities which have been omitted and also for those showing the losses and gains.

## SET EIGHT. EXAMPLES FOR PRACTICE.

To be carefully written on Journal paper, using one sheet for Cash-book, one for the stub of the Check-book, one for the Journal. These transactions are not to be posted.

(1) A. Student commenced business with the following resources: Cash, $1,500.00; Mdse. on hand, $1,000.00. (Enter in Journal-Day-book and Cash-book. See forms of these books on page 118. See paragraph 155.) Paid one month's rent in cash, $100.00. (Enter in Cash-book.) Deposited in Bank, $1,400.00. (No Journal entry required. Place on stub of Check-book.) Bought of J. A. Kirven & Co., Columbus, invoice dated Jan. 1st, 60 Bbls. Fancy Flour, 25 Bu. Irish Potatoes. (See Journal, page 118.) Gave check for freight, $6.75, on Mdse. received from J. A. Kirven & Co. (Enter in Cash-book only.)

(2) Sold Percy D. Adams, on account, 10 Bbls. Fancy Flour. Sold James Andrew, for cash, 125 Lbs. Choice Coffee, 125 Lbs. Fancy Coffee. (Enter in Cash-book.) Deposited in Bank, $75.00. Sold Agar & Hamblin, on account, 125 Lbs. Choice Coffee, 100 Lbs. XXX Crackers. Small cash sales, $85.00. Paid advertising bill, $10.00. Balance Cash-book. (See Cash-book, page 118.)

(3) Sold E. Eustis & Co., on account, 250 Lbs. Stick Candy, 10 Bbls. Fancy Flour. Sold Thos. Gilbert, on ac-

count, 200 Lbs. Cheese. Sold Williams & Co., on account 100 Lbs. Rice.

(4) Received of Thos. Gilbert, his check in full of account.

(5) Deposited $50.00 cash in Bank. Sold Roger Bros., for cash, 10 Bbls. Fancy Flour. Prepaid freight on same, $5.00, by check, and charged to their account. Sold Chas. Boyd, one-half cash, one-half on account, 125 Lbs. Choice Coffee, 75 Lbs. XXX Crackers. (Dr. Boyd for total invoice in Journal; Cr. him in Journal for amount received.) Received of E. Eustis & Co., their check in full of account. Sold E. A. Ryder, on his note, 60 days, 200 Lbs. Rice. Bought of Snyder & Co., on our note, 60 days, 100 Bu. Irish Potatoes.

(6) Discounted Ryder's note at Bank, and had amount, less 62 days discount, placed to our credit. Bought of Snyder & Co., on account, 250 Lbs. Fancy Candy. Sold R. S. King, on account, 100 Lbs. Stick Candy. Paid Snyder & Co., $10.00 on account, by check.

(7) Sold Jep Chaffin, on his 30 day note, 10 Bbls. Fancy Flour. Paid for office safe, $100.00, by check. Discounted our 60 day note in favor of Students' Commercial Bank, and had amount, less discount, placed to our credit.

(8) Sold I. E. Cross, on account, 180 Doz. Eggs. Bought of Purser & Straus, by check, 16 Bbls. Fancy Flour. Sold M. Straus, on account, 100 Lbs. Rice.

(9) Received from I. E. Cross, a New York draft for the amount of his account, less 1 per cent. discount. (Enter only the amount of cash received in the Cash-book.)

(10) Sold M. E. Hochstrasser, for cash, 25 Bbls. Family Flour. Deposited in Bank, $100.00. Sold Dave Hirsch, on account, 250 Lbs. Choice Coffee, 125 Lbs. Fancy Coffee.

(11) Drew on Dave Hirsch, at sight, for one-half the amount of his account, and deposited the draft in the Bank to our credit, less 15 cents for collection charges. Paid sundry expense bills by check, $10.00.

**Note.**—Balance, rule and foot up your Cash-book. Present your books for examination.

## SINGLE ENTRY JOURNAL, SET EIGHT. (DATE.)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | *A Student,* | *Cr.* | | | 2500 | |
| | | *Investment of Mdse.* | | 1000 | | | |
| | | *Cash,* 1,500.00. | | 1500 | | | |
| | 1 | *J. A. Kirven & Co.,* | *Cr.* | | | 290 | |
| | | *Bought on acc't:* | | | | | |
| | | 60 *Bbls. Fancy Flour,* @ 4. | | 240 | | | |
| | | 25 *Bu. Irish Potatoes,* @ 2. | | 50 | | | |
| | 2 | *P. D. Adams,* | *Dr.* | | | 47 | 50 |
| | | *Sold on acc't:* | | | | | |
| | | 10 *Bbls. Fancy Flour,* @ 4.75. | | | | | |
| | 2 | *Agar & Hamblin,* | *Dr.* | | | 35 | |
| | | *Sold on Acc't:* | | | | | |
| | | 125 *Lbs. Choice Coffee,* @ .20 | | 25 | | | |
| | | 100 *Lbs. XXX Crackers,* @ .10 | | 10 | | | |

## SINGLE ENTRY CASH-BOOK.

| | | | Receipts. | | Payments. | |
|---|---|---|---|---|---|---|
| *Mar.* | 1 | *Investment of A. Student:* | 1500 | | | |
| | | *Paid rent for one month,* | | | 100 | |
| | | *Paid freight,* | | | 6 | 75 |
| | 2 | *Cash sales,* | 75 | | | |
| | 2 | *Cash sales,* | 85 | | | |
| | 2 | *Advertising bill,* | | | 10 | |
| | | *Cash on hand (red ink),* | | | 1543 | 25 |
| | | | 1660 | 00 | 1660 | 00 |
| | 3 | *Cash on hand (black ink),* | 1543 | 25 | | |

## SET EIGHT.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(166) Give check, $50.00, to your teacher for one month's rent.

(167) Buy Mdse. by check.

(168) Sell Mdse. on account.

(169) Sell Mdse. half cash, half note, 10 days.

(170) Buy Mdse. half cash, half note, 10 days.

(171) Sell Mdse. on account.

(172) Sell Wholesale House, 10 per cent. above market price, Mdse.

(173) Sell Southern Commission Co., 5 per cent. above market price, Mdse.

(174) Sell Mdse. on account 15 days.

(175) Draw 15 day sight draft on account of Mdse. sold in transaction 174, and discount at Bank, receiving proceeds in cash.

(176) Sell Mdse., quarter note, balance on account.

(177) Buy Mdse. on acc't.

(178) Buy from Wholesale House 5 per cent. below market price, Mdse.

(179) Sell Mdse., note 15 days, no interest.

(180) Discount at Bank note received in transaction 179, and have proceeds placed to your credit.

(181) Sell Mdse. on account 20 days.

(182) Draw 20 day sight draft on acc't of Mdse. sold in transaction 181, and sell to Wholesale House at 8 per cent. discount. Have proceeds placed to your credit.

(183) Buy Mdse. on account.

(184) Sell Mdse. on account.

(185) Sell Mdse. on account.

(186) Buy Mdse. with certified check.

(187) Sell Mdse. for certified check.

(188) Sell Mdse. for demand note.

(189) Buy Mdse. on account, subject to sight draft.

(190) Buy Mdse. with cash.

**Note.**—The student will now prepare to change his books from single to double entry. Study paragraph 161. Prepare on a sheet of paper a statement like the following, using of course, the proper figures:

STATEMENT. (DATE.)

| | | | | |
|---|---|---|---|---|
| | RESOURCES. | | | |
| | *Personal Acc'ts Receivable, per Ledger,* | | | |
| | *Bills Rec., per Bill-book,* | | | |
| | *Cash, per Cash-Book,* | | | |
| | *Mdse., per Inventory,* | | | |
| | *Furniture and Fixtures,* " " | | | |
| | *Total,* | | | |
| | LIABILITIES. | | | |
| | *Personal Acc'ts Payable, per Ledger,* | | | |
| | *Bills Payable, per Bill-book,* | | | |
| | *Total,* | | | |
| | *Present Worth,* | | | |
| | *Invested,* | | | |
| | *Net gain,* | | | |

**Note 1.**—The Present Worth is found by subtracting the sum of the Liabilities from the sum of the Resources; and the Net Gain is found by subtracting the Net Credit from the Present Worth.

**Note 2.**—Change your books to Double Entry by complying with paragraph 161, and submit to your teacher.

**Note 3.**—Post from your statement to your Ledger and take Trial-balance, which submit to your teacher for approval. Having changed to Double Entry, you will proceed to carry out the following transactions: Use the Cash-book, Journal-Day-book, Check-book and Bill-book, as employed in double entry book-keeping.

(191) Buy Merchandise on account.

(192) Sell Merchandise for check.

(193) Sell Merchandise on note, 20 days.

(194) Discount at Bank note received in transaction 193, and have proceeds placed to your credit.

(195) Sell Merchandise on account.

(196) Draw a 20-day sight draft on firm sold to in transaction 195, and discount at Bank, having proceeds placed to your credit.

(197) Sell all Merchandise on hand to Wholesale House.

(198) Pay all Bills Payable outstanding that are due. Discount all notes that are not due.

(199) Collect cash for all Bills Receivable outstanding.

**Note.**—Allow discount on notes not due.

(200) Make settlements with all firms that have open accounts on your Ledger.

**Note.**—Balance, foot and rule your Cash-book. Post all books to your Ledger. Make Balance-sheet and close Ledger. Have your Bank-book balanced. Submit all of your books to your teacher for examination. Prepare to recite review questions of this set.

## REVIEW QUESTIONS.

Define Single Entry? What is the distinguishing feature of Single Entry? How are personal accounts journalized in Single Entry? How is the posting done in Single Entry? From what does Single Entry take its name? Are the footings of the two sides of a Single Entry Ledger generally equal? Can a Trial-balance of a Single Entry Ledger be taken? Why cannot an itemized statement of the gains and losses of a business be obtained from a set of Single Entry books? Can the Net Gain or Net Loss be determined when the books are kept by Single Entry? What records are absolutely required in Single Entry? Why are other records made? What are they? What books are generally used in Single Entry? How do the forms of these books compare with those in Double Entry? Describe the Day-book? How should a mistake made in an original entry be corrected? Are erasures permissible in books of original entry? Describe the Cash-book. What is the design of Set Eight? How is the Present Worth found in Single Entry? How the Net Gain? How the Net Loss?

## EXAMINATION RECORD, SET EIGHT.

Date.....Teacher.....

Journal-Day-book.....Single Entry Cash-book.....

Double Entry Cash-book .....Ledger.....

Single Entry Statement.....

First Trial-balance.....Second Trial-balance.....

Third Trial-balance.....Bill-book.....

Business Papers.....Condition of Desk.....

Questions..... Bank-book.....

Date Commencing Set.....Date Finished.....

Total number of days.....

Copy.....

Re-work.....

# ADVANCED PART.

## SET NINE.

### EXPLANATIONS AND DEFINITIONS.

**163. The object** of Set Nine is to illustrate the Invoice-book.

**164. The Books** used are the Journal-Day-book, Cash-book, Invoice-book, Ledger, Bill-book and Check-book.

**165. The Invoice-book** does not differ materially from the Sales-book in form, and is used to contain a record of all purchases made. The several items in this book are posted to the credit of the persons' account unless the purchase is for cash, in which case the entry is checked (✓) in the Invoice-book and entered in the Cash-book. At the end of the set or month the total of this book is posted to the debit side of Merchandise account.

## SET NINE.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(201) Lease a new store, No. —— Broad St., from your teacher for one year at an annual rental of $600.00, payable monthly in advance.

Note.—Fill out lease and present to teacher for examination.

(202) Give check for first month's rent.

(203) Borrow from Bank $2,000.00 on your note, indorsed, payable 60 days from date.

(204) Order bill of Mdse. from Firm No. 12.

(205) Order bill of Mdse. from Firm No. 13.

(206) Get your stock of goods insured for $1,000.00. Present policy, properly filled out (see form at teacher's desk) to your teacher for his signature. Pay $10.00 for premium. Give check.

(207) Sell Mdse for cash to Wholesale House.

(208) Sell Mdse. for note, 5 days, interest 6 per cent.

(209) Sell Mdse. on account, 1 day.

(210) Buy Mdse., paying one-half by check, giving your note, at 10 days, for balance; no interest.

(211) Sell Mdse., half note, half on account.

(212) Sell Mdse. for check.

(213) Order Mdse. on account from Firm No. 14.

(214) Sell Mdse. for cash.

(215) Order bill of Mdse. from Firm No. 15.

(216) Order bill of Mdse. from Firm No. 16.

(217) Sell Mdse. to Wholesale House, and receive in payment their sight draft on a third party.

(218) Obtain at Bank certificate of deposit for $100.00 by presenting your check for the same. No Journal entry required.

(219) Buy Mdse. for cash.

(220) Order bill of Mdse. from Firm No. 17, and enclose certificate of deposit received in transaction 218 as part payment.

(221) Buy Mdse. on account.

(222) Sell Mdse. and receive certified check in payment.

(223) Ship to Southern Commission Co. invoice of Mdse. to be sold on your account and risk; proceeds to be remitted by Bank draft.

(224) Ship to some student invoice of Mdse. to be sold on your account and risk; proceeds to be placed to your credit.

(225) Sell Mdse. on account, subject to sight draft.

(226) Draw a 10 day sight draft for the above, and leave at Bank for collection.

**Note.**—Make a memorandum only. When Bank notifies you that the draft has been paid, make entry.

(227) Buy Mdse. on account.

(228) Buy Mdse. on account,

(229) Buy Mdse. and give certified check in payment.

(230) Buy Mdse., half note, half on account.

(231) Buy Mdse. with check.

(232) Buy Mdse., and give in payment certified check.

(233) Buy Mdse. on account.

(234) Buy Mdse. for cash.

(235) Buy Mdse. for cash.

(236) Sell Mdse. on account.

(237) Buy Mdse. and give in payment certificate of deposit.

**Note.**—Buy certificate of deposit at Bank.

(238) Order Mdse. on account from student No. 19.

(239) Buy bank draft and remit to firm, in full account for Mdse. bought in transaction 238.

(240) Sell Mdse. for 5 day note.

(241) Buy Mdse. on account, subject to sight draft.

(242) Sell Mdse. and receive in payment certificate of deposit.

(243) Sell Mdse. and receive in payment certified check.

(244) Buy Mdse. Give 5 day note, with interest.

Have all books and papers examined; post, make Trial-balance and close your Ledger.

Buy bank drafts and remit to all foreign parties whom you owe. (Write letters.)

Have your Bank-book balanced and see that your balance agrees with the stub of your Check-book.

Render a statement to all persons who owe you. Compare accounts with the wholesale and commission houses.

## EXAMINATION RECORD, SET NINE.

Date.....Teacher.....

Journal-Day-book.....Cash-book.....

Invoice-book... .....Ledger.....

Bill-book.....Bank-book.....

Check-book.....Note-book.....

Business Papers.....Trial-balance.....

Second Trial-balance.....

Copy.....

Re-work.....

## SET TEN. EXPLANATIONS AND DEFINITIONS.

**166. The books used** are the Journal-Day-book, Cash-book, Sales-book, Bill-book, Check-book and Ledger.

## SET TEN.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(246) Pay one month's rent.

(244) Write a circular letter to each firm in your directory, advising them of the kinds of Merchandise you have on hand for sale, and stating in what quantities each may be sold. Do not quote prices, but state that you will charge the local market prices that are in effect on the day of sale. You need not take press copies of these circular letters, as they contain no special offer.

(248) Buy Mdse. on acc't.

(249) Order Mdse. of Firm No. 20, and ask them to deduct their best cash discount and send goods with draft attached to bill of lading.

(250) Buy Mdse. for cash.

(251) Order Mdse. of Firm No. 21, inclosing bank draft for about one-half of the amount ordered, estimated at present local quotations. Ask them to charge the balance of the bill to your account.

(252) Make a consignment of Tea and Coffee to Southern Commission Co , and ask that proceeds be remitted in cash.

(253) Order Mdse. of Firm No. 22, asking for their best cash discount, if bill is paid within three days from receipt of the goods.

(254) Make consignment to Firm No. 23, to sell for you on commission. Use your discretion as to the quantity, observing the limitations as to making sales. Prepay the freight on this shipment when you take it to the Freight Office. Ask them to give you credit for the proceeds of this sale subject to your sight drafts.

Review your work for the day carefully, to see if all necessary transactions have been completed.

(255) Order of Firm No. 24, Mdse., asking the firm to draw on you at three days sight for the amount of the bill, and you will accept and return draft.

(256) Order a quantity of Mdse. of Firm No. 25. Have your check certified at Bank for about one-half the amount of this order, estimated at the present buying quotations, and enclose this check with your order, asking No. 25 to allow their cash discount on the entire bill and draw on you at sight for the balance unpaid.

(257) Buy Mdse. on acc't.

(258) Sell Mdse. for cash.

(259) Sell Mdse. for sight draft.

(260) Pay your teacher cash for postage and stationery, $5 50. Order of Firm No. 26 Mdse. Enclose your check for $25.00 or $50.00 payable to Firm No. 26, asking them to discount the entire bill and enclose a note at five days in their favor for the balance unpaid, bearing interest at the current rate, which you will sign and return.

(261) Make a consignment to Firm No. 27, to sell for you on commission, directing them to place the proceeds to your credit, subject to sight drafts which you may draw. Send a quantity of your Mdse.

(262) Order a quantity of Mdse. from Firm No. 28, enclosing your sight draft on Firm No. 27 for the consignment sent in transaction 261. Ask Firm No. 28 to give you credit for the amount of the draft, and leave the balance of the invoice on account for five days.

(263) Sell Mdse. to Wholesale House, and take in payment their note at sixty days, with 6 per cent. interest, for the same.

(264) Discount note received in transaction 263 at Bank, and have proceeds placed to your credit.

(265) Buy Mdse. of Southern Commission Co. and draw a time draft on some student owing you for part, and sight draft on another firm for the balance.

(266) Order Mdse. of Firm No. 29 and request them to draw at sight for the amount.

(267) Order Mdse. of Firm No. 30 and request them to ship goods with draft attached to bill of lading.

(268) Order Mdse. of Firm No. 31 and request them to charge to your account at 15 days.

(269) Order Mdse. of Firm No. 32 and enclose bank draft in part payment.

(270) Buy Mdse. and give in payment a 10 day note, less 2 per cent. discount.

(271) Sell Mdse. to Southern Commission Co. for 10 day note.

(272) Buy Mdse. and give in part payment note received in transaction 271

(273) Buy of Commission House bill of Mdse., and give in payment certificate of deposit (obtained from Bank for your check) for part, and sight draft on some student owing you for balance.

(274) Buy Mdse. on account.

(275) Sell Mdse. on account, 10 days.

(276) Draw 10 day sight draft for amount of Mdse. sold in transaction 275, and discount at Bank.

(277) Withdraw for private use $15.00 by check.

(278) Sell Mdse. and receive in payment demand note.

(279) Sell Mdse. on account, 15 days.

(280) Discount bill sold in transaction 279, one per cent., and receive in payment cash.

(281) Ship to Southern Commission Co. invoice of Mdse., to be sold on your account and risk.

(282) Prepay freight charges on shipment made in transaction 281.

(283) Sell Mdse. on account.

(284) Buy Mdse. on account.

(285) Sell Mdse. on account.

(286) Buy Mdse. subject to sight draft.

(287) Buy Mdse. and give in payment demand note.

(288) Order Mdse. on account of Firm 33.

(289) Buy Mdse. and give certified check in payment.

(290) Buy bank draft for $50.00 and remit to Wholesale House to apply on account.

(291) Buy Mdse. on account, 10 days.

(292) Sell Mdse. and receive in payment a 10 day note, less 2 per cent. discount.

(293) Buy Mdse. for cash.

(294) Sell Mdse. on account.

Have Bank-book balanced.

Post, make Balance-sheet and close Ledger. Have all books and papers examined.

Compare accounts with Southern Commission Co. and Wholesale House.

Render statements to all firms owing you.

Buy bank drafts and remit to all foreign firms whom you owe.

## EXAMINATION RECORD, SET TEN.

Date.....Teacher.....

Statements rendered .....Settlements made .....

Bank and Check-books.....Copying book.....

Bill-book..... Circular letters.....

Orders mailed.....Stubs of Draft and Note-books.....

Consignments made .....

Drafts remitted to foreign firms. .....

Journal-Day-book.....Cash-book..... .....

Sales-book.....Bill-book.....

Ledger .....Trial-balance.....

Second Trial-balance .....Statements rendered.....

Date of commencing Set.....

Date finished..... ..... ..... ...

Total number of days.....

## SET ELEVEN. EXPLANATIONS AND DEFINITIONS.

**167. The object** of Set Eleven is to introduce the Customers' Ledger.

**168. The books** used are the Journal-Day-book, Cash-book, Sales-book, Customers' Ledger, General Ledger, Check-book, and Bank-book.

**169. The Customers' Ledger** is a special ledger in which customers' accounts only are posted. This book does not differ from any Double Entry Ledger. Customers' Ledgers are employed by large firms having many open accounts, where it is desired to have the accounts of customers condensed and separated from the General Ledger.

**Note.**—Transfer to your Customers' Ledger all accounts of your customers.

(295) Order Mdse. of Firm No. 34, and request them to charge to your account.

(296) Order Mdse. of Firm No. 35, and enclose bank draft in part payment.

(297) Buy Mdse. for check.

(298) Write a note for $1200.00 payable to.....(any student); have him.....(student) indorse it and return to you, then discount the note at the Bank and have proceeds placed to your credit.

(299) Buy a R. R. Bond for $1000.00 of your teacher, and give in payment check.

**Note.**—On Monday of each week present a coupon to the Bank and have same cashed.

(300) Pay one month's rent.

(301) Sell bill of Mdse. and take in payment a 10 day note, less 5 per cent. discount.

(302) Sell Mdse. on account.

(303) Buy Mdse. and give in payment 15 day note.

(304) Draw a sight draft on some firm owing you for balance of their account; sell at $\frac{1}{4}$ per cent. discount, and receive in payment for net proceeds bank draft in favor of Wholesale House.

(305) Deliver to Wholesale House, to apply on account draft purchased in transaction 304.

(306) Sell Mdse. for check.

(307) Sell Mdse. and receive in payment check for one-fourth, note for one-fourth, sight draft on some student for one-fourth, balance on account.

(308) Borrow $2000.00 of your teacher, giving your note, indorsed, payable 30 days from date, with 6% interest.

(309) Buy Mdse. and give in payment an order on..... (student), on account of sale in transaction 302.

(310) Order Mdse. of Firm 36, enclosing certificate of deposit in part payment, and requesting them to draw on you at two days sight for the balance.

(311) Sell Mdse. and receive in payment a 15 day note.

(312) Buy Mdse. on account.

(313) Buy Mdse. and give in payment sight draft on yourself.

(314) Sell Mdse. on account

(315) Order Mdse. of Firm 37.

(316) Order Mdse. of Firm 38.

(317) Order Mdse. of Firm 39.

(318) Order Mdse. of Firm 40.

(319) Order Mdse. of Firm 41.

(320) Buy Mdse. on account.

(321) Sell Mdse. on account.

(322) Draw sight draft on firm sold to in transaction 321, and leave at Bank for collection.

(323) Sell Mdse. on account, five days.

(324) Draw 5 day sight draft on firm sold to in transaction 323, and leave at Bank for collection.

(325) Sell Mdse.

(326) Sell Mdse.

(327) Sell Mdse.

(328) Buy Mdse. and give in payment sight draft on yourself.

(329) Sell Mdse. and receive in payment 5 day note.

(330) Sell Mdse. and receive in payment demand note.

(331) Sell Mdse. and receive in payment a non-negotiable note.

(332) Sell Mdse. and receive in payment an order payable in Mdse.

(333) Sell Mdse. and receive in payment sight draft.

(334) Sell Mdse on account.

(335) Buy Mdse. and give in payment 15 day note.

(336) Buy house and lot, No. 68 Broad street, and give in payment cash, $1,000.00, and five notes for $1,000.00 each, and payable semi-annually, with 6 per cent. interest. (Write deed, notes, and mortgage and present to your teacher.)

(337) Buy Mdse.

(338) Sell Mdse.

(339) Buy Mdse.

(340) Buy Mdse. and give in payment an order on yourself, payable in Mdse.

(341) Buy Mdse. and give in payment non-negotiable note.

(342) Buy Mdse. and give in payment demand note.

(343) Buy Mdse.

(344) Sell Mdse.

(345) Buy Mdse and give in payment 5 day note.

(346) Buy Mdse. on account.

Have Bank-book balanced.

Post, make Balance-sheet, close Ledger, and present all books and papers for examination.

Compare accounts with Bank, Wholesale and Commission House. **This is Important.**

Render statements to all firms owing you.

## EXAMINATION RECORD, SET ELEVEN.

Date.....Teacher.....

Statements rendered.....Settlements made.....

Bank and check-book.....Copying-book.....

Bill-book.....Business Papers .....

Orders mailed.....Stubs of note and draft books.....

Journal-Day-book..... .....Cash-book.....

Sales-book.....Merchandise box.....

Ledger.....Customers' ledger.....

R. R. Bond.....Deed and Mortgage.....

Trial-balance.....Second Trial-balance.....

Date of commencing Set..... .....

Date of finishing Set.....

Total number of days .....

## SET TWELVE. EXPLANATIONS AND DEFINITIONS.

**170. The object of Set Twelve** is to introduce the Six-column Journal, and to give the simplest method of keeping books for corporations.

**171. The Books** used are the Six-column Journal and Ledger as principal books. The Check-Book and Bank-books are used as auxiliaries.

**172. The Six-column Journal** is used to save the posting of Cash and Merchandise every day by posting the aggregate of their debits and credits once a week. Sundry accounts are posted every day, but instead of posting Cash and Merchandise daily, these accounts may be posted at stated periods, thus effecting great economy in posting.

Journalizing should be done according to rules already given, extending Cash and Merchandise amounts opposite their names in their respective columns. By this system you can prove your Journal on a balance at the end of each day, week or month.

On the principle of the Six-column Journal, any number of special columns could be used for any kind of business.

**173. A Corporation** is an association of individuals having the capacity of transacting business as a single individual.

**174. The Capital** of a corporation is divided into shares, usually valued at $100.00 each, and persons owning one or more of such shares are called stockholders.

**175. The Management** of corporations and stock companies is confided to a board of directors elected annually by the stockholders, each stockholder having one vote for each share of stock owned by him. The president and permanent officers of the company are elected by the board of directors.

**176. Changing from Partnership to Stock Company.** To convert a Partnership into a Stock Company, where business remains in the same hands, close the partners' accounts into the account of Capital Stock, issuing to each of the partners their respective shares of stock.

Or this may be accomplished by means of a journal entry. Thus, suppose A, B and C are partners in a business, and desire to change the firm into a company having the same capital. A has an interest in the firm of $10,000. B has an interest of $8,000, and C $6,000. The journal entry would be

| | | |
|---|---|---|
| A | $10,000 | |
| B | 8,000 | |
| C | 6,000 | |
| To Capital Stock | | $24,000 |

The individual accounts of the partners now balance and are ruled up. A will then receive a Certificate of 100 shares of the stock at $100 each, B 80 shares and C 60 shares. A Stock Ledger is opened and each shareholder is credited with the amount of the stock he holds.

Were the stock of the above company increased, as for instance to $40,000, the difference of $16,000 would be charged to a nominal asset, as "Good Will."

**177. Installment Script** is a receipt given to a person when a payment has been made on stock subscribed

## SET TWELVE.

### MEMORANDA FOR ACTUAL TRANSACTIONS.

(347) Pay one month's rent in cash.

(348) Call at your teacher's office and subscribe for ten shares College Bank stock, and give check for amount. See market quotations.

(349) Write a check payable to your teacher for such an amount as you can spare, not exceeding one-fourth the face amount, and have the same indorsed to apply on your note given to him in transaction 308. This note should now be at Bank for collection.

Be careful to prove your cash balance at the close of each day.

(350) Ship goods to Firm 42 to be sold on your account and risk.

(351) Draw at five days sight on the firm to whom you

made shipment for sale on your account in transaction 350 for about one-half the value of this shipment, estimated at local quotations. Make this draft payable to your Bank, and discount it there, at their current rate of discount, for the time it has to run, estimating four days before its acceptance and allowing three days of grace. Deposit the proceeds of this draft.

(352) Buy five shares of railway stock, allowing present quotations and giving your check for the same.

(353) Order a quantity of Mdse. of Firm No. 43, enclosing your certified check for about one-fourth of the estimated amount, to apply on purchase, and directing this firm to allow their cash discount and send the Mdse. C. O. D. for the balance.

(354) Order a quantity of Mdse. of Firm No. 44, enclosing a bank draft for about one-half the amount, estimated at present local quotations, and directing them to allow their cash discount on the entire bill and draw on you at sight for the balance.

(355) Buy of your teacher a note at 30 days for $250.00, in his favor, signed by H. C. Clay and dated 28 days ago, and indorsed by the teacher "without recourse." Allow him $200.00 for it, giving him your certified check. (Write this note as above described and present it to your teacher for signature and indorsement.) Indorse the above note, making it payable to Firm No. 44, to whom you will send it for credit on your account.

(356) Ship Firm 45 an invoice of Mdse., and as the same was not ordered, write them you will allow them a special discount of 10 per cent. if they will accept the goods.

(357) Order a quantity of Mdse. of Firm No. 46, and enclose your draft at three days on Firm No. 45 for about one-half the amount of your order, estimated at present local quotations. Ask Firm No. 46 to charge the balance of the invoice to your account. If Firm No. 45 does not owe you that much, make the amount of the draft smaller, so that the amount drawn shall not exceed the amount of his debit on your books.

(358) Buy Mdse. on account.

(359) Order Mdse. of Firm No. 47.

(360) Order Mdse. of Firm No. 48.

(361) Post to Ledger. Take Trial-balance and close loss and gain accounts.

(362) Mail statements to each firm who owe you a balance on account.

(363) Have Pass-book balanced.

(364) You will now admit W. N. Philips as a partner in the business, under the firm title of [your name] & Co. The present capital shown on your books will be your investment in the new firm. W. N. Philips invests one-half as much as your present worth, thereby holding a one-third interest in the business. His investment consists of cash for one-third the amount, and three notes for the balance, in equal amounts, due in five, ten and fifteen days respectively, bearing interest at 6 per cent., and payable to the new firm.

You will conduct the business for the new firm, for which you are to draw a salary of $25 per week, after which the net gain or loss will be divided according to the amounts invested. [Draw up partnership agreements in duplicate, signing them as one partner, and presenting the same, with the two notes properly written, to W. N. Philips (represented by your teacher), also collecting the cash he is to invest.]

(365) Buy Mdse. on account.

(366) Sell Mdse. on account.

(367) Buy Mdse. on account.

(368) Sell Mdse. and receive in payment demand note.

(369) Buy Mdse. on account.

(370) Sell Mdse. on account.

(371) Buy Mdse. and give in payment note with indorsement, payable in 10 days, with interest.

(372) Sell Mdse. for note.

(373) Buy Mdse. and give in payment demand note.

(374) Order Mdse. of Firm No. 49.

(375) Order Mdse. of Firm No. 50.

(376) Sell Mdse. on account.

(377) Ship Firm No. 51 Mdse. on account.

(378) Draw at sight on Firm No. 51 for the amount of their account, making the draft payable to Wholesale House, to whom you will send it, requesting them to collect the draft and give you credit for the same.

(379) Make another payment to apply on your note given to teacher in transaction 308, paying about one-half of the balance yet due. [See that this payment is properly indorsed.]

(380) Sell Mdse. on account.

(381) Watch carefully the maturity of all notes receivable and payable, and call for credit on your Bank-book for proceeds of all notes and drafts they collect for you.

(382) Pay your teacher for telephone rent, $12.

**Note.**—Rule up Six-column Journal, post, take Trial-balance and close Ledger. You are now to form a Stock Company.

**Special Instruction.** Your firm will now sell out the entire business to "The (student's name) Grocery Company," which is organized as a joint-stock company. Sell out the business and take stock in the new company for the value of the present worth as shown by the Balance-sheet at end of transaction 382. A certain sum will be allowed for the "Good Will" of the business, which amount will be decided by your teacher. Your teacher will take some stock in the new company.

**Note 1.**—It will be necessary to add to the books already used a Stock Ledger, which will be used as an auxiliary book. (Use back part of Ledger for Stock Ledger.)

**Note 2.**—Receive names of shareholders and number of shares each one takes from teacher. All stock not subscribed for is held as "Treasury Stock."

**Note 3.**—Draw check for your bank account, signing old firm name, and making it payable to new firm. Deposit this in name of new firm.

(383) As soon as stock is subscribed, make entry in Journal-Day-book, debiting each stockholder for the amount of the stock he subscribes for and crediting "Capital Stock" for authorized capital of joint-stock company; also debiting "Treasury Stock" for amount of unsubscribed stock, if any. See Paragraph 176.

**Note.**—In debiting yourself for stock you have subscribed for, carry the amount to your private account.

(384.) You will next change your partner's account in Ledger to private account by making entry in Journal-Day-book; also credit him for amount of Good Will.

(385) Issue yourself Stock Certificate for the number of shares you subscribed for. The other stockholders will pay for their stock in four equal installments. You will now receive cash from stockholders for one-fourth the amount each has subscribed as first installment. Make the following entry in Cash-Book: Debit Cash and credit Stockholder for the amount he has paid in. (Issue Installment Script. See Paragraph 177.)

(386) Buy a stock of merchandise from Wholesale House, amounting to about $3,000. (Select this well, so that you will not have unsalable goods on hand. Try to get a discount on goods.)

(387) Sell from the above stock to Wholesale House and receive a ten days note for such an amount that when discounted at 10 per cent. the proceeds will be $500.00.

(388) Sell balance of Treasury Stock, if any, at 103, receiving cash for part and note for balance.

(389) Collect second and third installment.

(390) Collect fourth installment and take up Installment Scrips, issuing Certificates of Stock in their places.

(391) Declare dividend. First close all accounts showing loss and gain, into "Loss and Gain" account; then close 90 per cent. of "Loss and Gain" into "Reserved Profits" and the balance into "Surplus Fund."

**Note 1.**—Consult Manager as to amount of dividend.

**Note 2.**—Make entry in Journal-Day-book, debiting "Reserved Profits" for amount of dividend, and crediting "Dividend."

**Note 3.**—"Surplus Fund" is a certain per cent. of the earnings set aside for emergencies. "Reserved Profits" is the name applied to earnings that have not yet been divided among stockholders.

(392) Have stockholders call at once, and when you pay them their dividends have them receipt same in Dividend Book.

**Note 1.**—When you pay a dividend, debit "Dividend" and credit what you pay.

**Note 2.**—Take Trial-balance.

(393) The "(Student) Grocery Co." now decide to discontinue business. Sell all merchandise on hand to Wholesale House.

(394) Pay all accounts that are due.

(395) Collect cash for all accounts that are due.

(396) Pay all notes that are due. Discount those not due.

(396) Collect all Bills Receivable that are due. Discount those that are not due.

(397) Buy at Bank drafts which remit to all foreign firms that you owe.

(398) Convert everything into cash.

(399) Post, make Balance-sheet and close Ledger.

(400) If there is anything omitted in the above that is necessary for you to close out business, it will simply be necessary for you to pay off all liabilities and reduce all resources to cash, deposit cash in Bank and present **certified** check for your Bank balance (when your books are handed in) to your teacher.

## EXAMINATION RECORD, SET TWELVE.

Date.....Teacher.....

Bill-book.....Business Papers.....

Journal-Day-book.....Cash-book.....

Ledger.....Balance-sheet.....

Six-column Journal.....Questions.....

Stock-book.....Stock Ledger.....

Final Settlement.....

Re-work.....

Copy.....

## INSTRUCTIONS FOR OFFICES.

The student in charge of any office will be held responsible for the management of that office, condition of books, furniture, etc., and must see that everything is kept neat and tidy, and see that the books are put away and all trash taken off the desk when he leaves the office.

All books in the offices must be in perfect order, balance taken, Ledger closed, etc., before business hours on Monday of each week. Failure to do this will keep the student out of an office for the week, and his grade will be lowered.

Any one detected in forcing a balance will be dismissed from the department.

Have Bank Pass-book balanced at end of each week.

## WHOLESALE HOUSE.

Upon entering the office see that the Ledger is on balance Test the cash by counting what is on hand and comparing it with balance as shown by Cash-book. (If Bank account is kept on check-stubs only, the cash as shown by the Cash-book will be equal to the sum of the cash in the drawer plus balance in Bank, as shown by check-stubs.) Find the amount of notes on hand, and see if this amount agrees with the difference between the debit and credit sides of the Bills Receivable Account; also, if it agrees with the sum of those not marked paid in Bills Receivable Book. Find the amount of notes not marked paid in Bills Payable Book and see if it agrees with balance of Bills Payable Account in Ledger.

Make a deposit every day.

Collect all notes and drafts when they become due and settle as many personal accounts at the end of each week as possible.

Discount at Bank all notes on hand and not due on Friday of each week.

Be sure to index the Ledger.

A Trial-balance must be made out at the end of each day's work and presented to the teacher before the Bookkeeper will be allowed to leave the office.

Make Balance-sheet at end of each week and present all books to teacher for examination.

Upon leaving an office, see that everything agrees, applying the same tests you did upon entering.

## STATEMENT.

to be filled out by student at end of each week's work in Wholesale House, and presented to teacher:

1. Dr. side of Cash.....
2. Cr. side of Cash.....
3. Difference.....
4. Actual amount of cash on hand.....
5. Dr. side of Bills Receivable.....
6. Cr. side of Bills Receivable.....
7. Difference.....
8. Amount of Bills Receivable not marked paid in Bill-book.....
9. Am't of other persons' notes in your possession.....
10. Cr. side of Bills Payable.....
11. Dr. side of Bills Payable.....
12. Difference.....
13. Amount of Bills Payable not marked paid in Bill-book.....
14. Dr. side of Bank Account.....
15. Cr. side of Bank Account.....
16. Difference.....
17. Balance in Bank as shown by Check-stubs.....
18. Bank bal., as shown by Bank Pass-book.....
19. Difference between Bank balance as shown in Pass-book, and your bal., as shown by Check-book.....
20. List of checks that have not been paid at Bank.....

Note.—The amount of checks outstanding (those not yet paid by Bank) should equal difference between your balance and Bank balance.

## BANKS.

Upon entering the Bank count cash and see if it agrees with cash as shown by the Cash-book. Add notes that have been discounted and see if they agree with balance of Bills Discounted account in Ledger; also see if those not marked paid in Discount Register will amount to the same thing.

See if the amount of the Certificates of Deposit not marked paid in the Certificate of Deposit Book will agree with balance of same account in Ledger.

Compare the amount of net deposits as shown by last "Balance" column with the balance of "Individual Deposits" in the Ledger.

If all these do not agree, report to teacher in writing at once.

When you leave the office apply the same tests.

Office men must be quiet and orderly, and must be courteous to customers.

The day's work must be finished before the student will be excused from the room.

The student in the Bank must collect all Bank Pass-books on Friday of each week, and balance them up and return to each customer all checks paid for him during that week.

As the other students are dependent to a great extent on the offices, it will be necessary for the office man to do his work even if he has to work late at night. If any student in any office, through negligence, fails to keep up with the work he will be replaced by another student and lose his right to enter any other office.

## STATEMENTS.

Statement to be filled out by student at end of each week's work in Bank and presented to teacher.

1. Dr. side of Cash-book.....
2. Cr. side of Cash-book.....
3. Difference.....
4. Actual amount of cash in drawer.. .....
5. Dr. side of Bills Discounted Account.....
6. Cr. Side of Bills Discounted Account.....
7. Difference ..... .....
8. Amount of discounted notes and drafts actually on hand .....
9. Amount of bills discounted not marked paid in Discount Register .....
10. Balance of Individual Deposits as shown by account in Ledger ..... .....
11. Balance of Individual Deposits (net deposits), as shown by Deposit Ledger .....
12. Amount of Certificates of Deposit not marked paid in Certificate of Deposit Register.....
13. Amount of notes, drafts, etc., not marked paid in Collection Register.....
14. Amount of collections, (notes, drafts, etc.) on hand for collection and not yet collected. (This includes those that have been sent to other banks for collection.)..... ..... .....

## PRACTICE WORK IN BANKING.

This work is given so that the student may fit himself for the regular work of Banking. The books are as follows:

| | |
|---|---|
| Ledger, | Certificate of Deposit Register, |
| Cash-book, | Collection Register, |
| Deposit Ledger, | Trial-balance Book, |
| Discount Register, | Remittance Register. |
| Draft Register, | |

**Note.**—It will be necessary for the student to rule the books like model in "Model Book" on teacher's desk.

JANUARY 1, 1897.

The student will now organize a corporation under the name of "The (student's name) Banking Co.," with a capital stock of $100,000.00. The following persons have become stockholders, and have subscribed the amounts opposite their names:

| | | |
|---|---|---|
| (Student's Name) | 500 Shares | $50,000.00 |
| R. W. Massey | 100 Shares | 10,000.00 |
| (Your Teacher's Name) | 100 Shares | 10,000.00 |
| W. A. Randall | 200 Shares | 20,000.00 |
| R. S. Henderson | 100 Shares | 10,000.00 |

**Explanation:** The amount of stock owned by the different stockholders is usually kept in a book called the Stock Ledger. As we do not keep this book, a record may be put in the back part of the Cash-book.

JANUARY 2, 1897.

You may collect the amount subscribed by each stockholder in cash.

**Note.**—Turn to the debit side of your Cash-book and credit "Capital Stock" for the amount paid in, using for explanation "Amount paid in by Stockholders."

**Explanation:** The above opening entry having been made, you are ready to commence business. There is a great deal of preliminary work in the organization of a Bank that is not given here, it not being necessary, as the object of this work is to give those transactions which make up the routine of a banker's daily work.

JANUARY 3, 1897.

(*a*) Paid for safe.....$1500.00
(*b*) Paid for office desk and fixtures..... 2100.00
(*c*) Paid one month's rent in cash..... 100.00
(*d*) Paid J. P. Bell & Co., for office books furnished us on the first, and for printing blanks for office use.. ..... 125.00
(*e*) Received the following deposits, as shown by deposit tickets on file:

| | | | |
|---|---|---|---|
| H. M. Clark..... | $5000.00. | R. M. Dozier..... | $7500.00. |
| D. E. Fuller..... | 2500.00. | J. F. Tillman ..... | 1800.00 |
| G. Y. Henry..... | 550.00. | S. S. Hoover..... | 50.00. |
| J. M. Latham..... | 998.25. | W. N. Philips..... | 280.00. |
| W. G. Massey..... | 215.50. | J. F. Hart..... | 900.00. |
| G. Salter..... | 425.00. | W. J. Wise ..... | 85.00. |
| MillerInvestm't Co. | 1250.25. | C. F. Beutel ..... | 900.00. |
| W. C. Stephens..... | 450.00. | | |

**Note.**—Enter the names of the depositors in the Deposit Ledger and extend the amount of their deposits into the column headed "Deposits" or "Credits."

(*f*) As shown by the check file, the following checks were paid depositors: J. M Latham, $28.00, $225.00; W. J. Wise, $26.00; J. F. Hart, $20.00, $75.50, $30.00; Miller Investment Co., $24.00, $128.10, $43.00, $82.20, $10.20; H. M. Clark, $480.00, $40.00; R. M. Dozier, $900.00; D. E. Fuller, $235.00; G. Y. Henry, $16.08, $11.40.

**Note.**—Enter these in Deposit Ledger, in Column headed "Debit Items" or "Checks in Detail."

(*g*) Wishing to use the Massey Banking Co., Jacksonville Fla., and the First College Bank, Montgomery, Ala., as our correspondents, we remit Ten Thousand Dollars to Jacksonville, and Twelve Thousand to Montgomery, by Southern Express Co., to be placed to our credit. Pay express charges at the rate of 50 cts. per thousand, $11.00.

**Note.**—Enter the amount sent to Jacksonville in Remittance Register under heading "Drafts, etc., remitted to Massey Banking Co.," Jacksonville, Fla., as follows: In column headed "Date Sent" enter date; in column headed "No." enter figure "1"; in column headed "Drawer" enter word "Cash"; in column headed "Drawee" enter Southern Express Co.; and in the amount column enter the

amount. On the page headed "Drafts, etc., Remitted to First College Bank, Montgomery, Ala.," enter the amount remitted to the bank in same manner. Carry the amount paid for express charges direct to the Cash-book, debiting "Expense."

(*h*) The following foreign draft and check were received during the day, and were remitted to the Massey Banking Co., Jacksonville, Fla., to be placed to our credit: Draft No. 391, drawn by the German National Bank of New Orleans on the Commercial National Bank of N. Y. for $850.38, and indorsed by H. M. Clark; an individual check for $25.00, drawn by I. M. Groves on the First National Bank of Augusta, and indorsed by S. S. Hoover.

**Note.**—Enter the draft in Remittance Register on Jacksonville page, as follows: Date in date column; No. 2 in number column; "German National Bank," the name of the bank that drew the draft, in column headed "Drawer"; name of the city "New Orleans" in column headed "City"; in column headed "Drawee" enter the name of the bank "First National Bank, New York," upon which the draft is drawn; in column headed "Last Indorser" the name of the last indorser, H. M. Clark; and in the amount column enter the amount. In same manner enter the check drawn by Groves, numbering the papers remitted consecutively.

(*i*) Remitted the following foreign draft, received during the day, to the First College Bank, Montgomery, Ala.; Draft No. 85, drawn by the Merchants Bank of Americus, Ga., on the Second National Bank of Atlanta, Ga., for $150.00.

**Note.**—Enter on the Montgomery page in Remittance Register.

(*j*) Certified a check for W. G. Massey for $180.00.

**Note.**—When a check is certified by the bank, the Teller stamps or writes the word "Certified" and the date across the face of the draft and signs his name as Teller.

**Note 2.**—Enter this check in W. G. Massey's Bank Pass-Book on credit side. Then debit W. G. Massey in column headed "Debit Items" in Depositors' Ledger, and enter same amount in column headed "Credits" opposite the name "Certified Check," which you enter in column for Depositors' names.

(*k*) Issued the following certificates of deposit, which are to draw 4% interest, if left 60 days: One to M. P. Skipper, favor himself, for which he deposited cash, $400.00;

one to A. H. Stevens, favor Thos. Wight, for $200.00, for which he deposited cash.

**Note.**—Enter these in certificate of deposit book as follows: Date in column headed "Date Issued"; the number in column headed "No"; name of the person to whom issued in column headed "To Whom Issued"; and the name of the person to whom it is made payable in column headed "To Whom Payable"; and amount of certificate in "Amount Column."

(*l*) The following drafts were received for collection: One drawn on H. M. Clark, City, by L. H. Jackson, Charlotte, N. C., for $80.00; a one day sight draft on R. Martin, Griffin, Ga., for $100.00, drawn by A. H. Stevens, City.

**Note.**—Enter these in Collection Register as follows: In column headed "When Left" write the name of the month and date received, and write the year at the top of the column; in column headed "No." write figure "1" for the first, figure "2" for the second, etc.; in column headed "Maker or Drawee," write the name of the person on whom the drafts are drawn; in column headed "Drawer or Indorser" write the name of the person who drew the draft; in column headed "Where Payable" write the name of the place where the paper is to be paid; if the paper is to be sent to another bank, enter in the column headed "To Whom Sent," the name of the bank to which you send it; in the column headed "Date," write the date of the paper; in the column headed "Time," write the word "Sight" if the paper is payable at sight, and the number of days or months for which the paper is drawn, if it be a time draft or note; in the column headed "When Due" write the date of the the maturity of the paper; in the column headed "For Whom Collected" write the name of the person, firm or bank that the paper is collected for; in the column headed "Their Number" write the number placed on the paper by the drawer, or the person for whom collected; then in the column headed "Face," write the sum named in the face of the paper.

(*m*) We collected L. H. Jackson's draft on H. M. Clark for $80.00, and charged 25 cents collection, and remitted proceeds to him in cash.

**Note.**—Go to the Cash-book, and credit "Collection and Exchange" for amount of collection on the debit side of the Cash-book.

(*n*) Sent A. H. Stevens' draft on R. Martin, Griffin, Ga., to the First National Bank of Griffin, for collection.

**Note.**—Write letter enclosing draft for collection. You will find a form in the Model Book on teacher' desk.

(*o*) The following notes were discounted: A thirty day note, dated January 1, 1897, for Wm. Opp, drawn by S. S. Hoover, for $500.00, in favor of A. T. May, and transferred by Mr. May to Mr. Opp. Rate of discount 7% on all notes discounted; a one day note for R. E. Lee, dated January 1, 1897, and drawn by I. M. Groves for $240.00, in favor of B. Whorley and indorsed by Mr. Whorley.

**Note.**—Enter these notes in Discount Register as follows: In column headed "Date Discounted," enter the date upon which the paper is discounted; in the column headed "No." enter the numbers of papers discounted consecutively; in the column headed "Payer," enter the name of the maker of the note, or, if it be a draft, the name of the drawee; in column headed "Where Payable," enter the name of the bank or place at which the paper is made payable; in the column headed "Date" enter the date upon which the paper is drawn; in the column headed "Time," enter the time for which the note is drawn; in the column headed "When Due," enter the date of maturity of the note; in the column headed "Discount Period," enter the number of days or months the paper has yet to run, that is, from the date it is discounted to the last day of grace, or the maturity of the note; in the column headed "Face," enter the face of the note or draft; in the column headed "Accrued Interest," enter the amount of interest that has already accrued when the note is discounted, if it is an interest-bearing note; in the column headed "Discount," enter the amount of the discount; in the column headed "Proceeds," enter the proceeds of the paper discounted; in the column headed "For Whom Discounted," enter the name of the person for whom discounted; in the column headed "Check," enter a check-mark (✓) as soon as the note or draft is paid and entered to indicate that the record is complete; in the column headed "Remarks," enter the word "Paid" and the date upon which the paper is paid.

(*p*) The following drafts were issued on the First College Bank, Montgomery, Ala.: To O. H. Longwell, favor G. H Colbert, $200.00, exchange 50 cents; to J. A. Ross, favor himself, for $100.00, exchange 25 cents.

**Note.**—Enter in Draft Register under heading "Drafts Drawn on First College Bank, Montgomery, Ala."; enter in date column the date; enter in number column the number of the draft; in column headed "To Whom Sold," enter the name of the person to

whom the draft was sold; in the column headed "To Whom Payable," enter the name of the person to whom the draft is made payable; in column headed "Face," enter the amount for which the draft is drawn; in column headed "Total Face," enter the amount of the draft and of the exchange added together; in column headed "Exchange," enter the amount of exchange; in column headed "Total Exchange," enter the amount of the exchange received during the day on drafts we draw on our correspondent.

## GUIDE FOR WORKING UP THE FIRST DAY'S WORK.

First take the Depositors' Ledger. The deposits made during the day have been entered in the column headed "Credits" and the checks paid have been entered in the column headed "Debit Items" or "Checks in Detail." The next step is to add all of the checks paid for any one firm and enter the amount opposite the firm's name in the column headed "Total Debits." Then commence with the first name in the Depositors' Ledger, and subtract the amount of checks paid for that firm from the deposit made by same firm and this will give the firm's balance in the Bank, which extend into the column headed "Balances." Continue in like manner with all the accounts in this book.

## HOW TO PROVE THE DEPOSIT LEDGER.

The first day's work in the Deposit Ledger is proven by adding the deposits for that day and subtracting the sum of the checks paid for that day from the sum of the deposits, and if this gives the sum of the balances (less any overdrafts, if there be any) the work is correct. To prove the work of the following day, add the footings of the credit column to the net deposits of the first day, and from the result subtract the footing of the debit column. This gives the amount of deposits in the Bank at the end of each day's work. The result so obtained should agree with the sum of the balances, minus the sum of the overdrafts, as shown by the books on the second day. Each

succeeding day's work is compared in the same manner with that of the day immediately preceding it.

## DIRECTIONS FOR RULING THE DIFFERENT BOOKS.

**Deposit Ledger.**—Rule single red line on the blue line before the last at the bottom of the page and double rule at the last blue line on the page. Between the single and double ruling, under the debit column, place the amount of checks paid for that day; under the credit column, write the amount of deposits for that day; and under the balance column place the net deposits, which is the sum of the balances, minus the overdrafts. If the deposits occupy more than one page, use the single line only on the first page, as the footings have to be carried forward.

**Discount Register.**—Rule single line across the amount column directly under the last note discounted. Foot the different amount columns; then rule double lines under their footings.

Rule Draft Register, Remittance Register, and Certificate of Deposit Register in the same manner as the Discount Register. The Collection Register does not need to be ruled.

## RULES FOR POSTING TO CASH-BOOK FROM OTHER BOOKS.

**From Deposit Ledger.**—Post footings of debit items to credit side of Cash-book, debiting "Individual Deposits" and using the words "Deposit Ledger" for explanation. Post the footings of the credit items to the debit side of the Cash-book, crediting "Individual Deposits" and using for explanation "Deposit Ledger."

**From Discount Register.**—Post the amount of notes discounted to the credit of the Cash-book, debiting "Bills Discounted," and using for explanation "Discount Register." Post the amount of the discount allowed the bank on notes discounted to the debit side of the Cash-book, crediting "Interest and Discount," and using for

explanation the words "Discount Register." If there is interest due on any notes, when discounted, post it to the credit side of the Cash-book, debiting "Interest and Discount," and using the explanation, "Discount Register." If the proceeds of any note discounted is to be credited, carry the amount to be credited to the credit of the person's account in the Deposit Ledger, and enter same in his Bank Pass-book.

**From Remittance Register.**—Post footings to the credit side of the Cash-book, debiting the bank to whom the remittance was made.

**From Certificate of Deposit Register.**—Post footings of Certificate of Deposit Register to the debit side of Cash-book, crediting Certificate of Deposit and using for explanation the words "Deposit Register."

**From Collection Register.**—When note left for collection has been collected, go to the debit side of the Cash-book and credit "Collection and Exchange" for the amount you charge for collection, and use for explanation the words "Collection No——." If the proceeds are to be placed to the dealer's credit, carry the amount of the proceeds to his credit in the Deposit Ledger.

**From the Draft Register.**—Post the footings of the amounts to be credited to the debit side of the Cash-book, crediting the Bank upon which the draft is drawn and using for explanation "Draft Register." Post the footings of the "Exchange" column to the debit side of the Cash-book, crediting "Collection and Exchange," and using for explanation "Draft Register."

After all work has been carried to the Cash-book, rule it up like any ordinary Cash-book and post from it to the Ledger, the same as you would if you were posting the Cash-book in a Wholesale or Retail House. You close all accounts showing Profit and Loss at the close of each day's work into the Profit and Loss account. You then carry 10 % of the gains to an account which you call "Surplus Fund," and 90 % to an account called "Reserved Profits." After having done this, take a Trial-balance, which enter in Trial-balance Book.

JANUARY 4, 1897.

(*a*) Received the following deposits, as shown by deposit tickets on file:

| | | | |
|---|---|---|---|
| H. M. Clark..... | $1002.40. | J. F. Tillman..... | $300.00. |
| G. Y. Henry ..... | 325.45. | S. S. Hoover..... | 229.00. |
| G. Salter ..... | 346.00. | W. J. Wise ..... | 920.00. |
| Miller Inv't Co... | 249.00. | W. C. Stephens ... | 228.00. |

(*b*) As shown by checks on file, the following amounts were paid depositors: D. E. Fuller, $400.00, $75.00, $840.00; G. Y. Henry, $84.96, $78.05; J. M. Latham, $728.40, $86.94; C. F. Beutel, $225.00, $80.90; W. C. Stephens, $230.00, $11.49, $7.29; W. N. Philips, $98.25, $49.76.

**Note.**—The student will notice that J. M. Latham has overdrawn his account. In extending his balance to the column headed "Balances," enter his overdraft in red ink.

(*c*) The following remittance was made to the Massey Banking Co., Jacksonville, Fla.: A certified check on the First National Bank of Jacksonville and signed by A. A. Marchand, for $234.50, in favor of R. W. Massey and indorsed by him: a personal check drawn on the Farmers' State Bank of St. Augustine, Fla., by Hunt Norvell, for $81.45, in favor of J. T. Naff; a sight draft drawn by J. R. Ritter on M. P. Skipper in favor of H. H. Garner for $100.00, and received by us as deposit during the day.

**Note.**—Enter these in Remittance Register on page headed "Drafts, etc., Remitted to Massey Banking Co., Jacksonville, Fla."

(*d*) Certified the following checks: One for C. F. Beutel for $450.00; one for J. F. Tillman for $1200.00.

**Note.**—Enter these in Deposit Ledger, debiting the drawers of the checks and crediting "Certified Checks."

(*e*) We have this day paid a check which we certified on the 3d instant for W. G. Massey for $180.00.

**Note.**—Enter this in the column headed "Debit Items" or "Checks in Detail" in the Deposit Ledger, opposite the name "Certified Checks." This debits Certified Checks.

(*f*) We have this day issued the following Certificates of Deposit: One to Walter M. Ross, favor himself, for which he deposited cash, $280.00, and one to C. B. Gib-

son, favor Homer Wright, for $235.00, for which he deposited cash.

**Note.**—Enter these in Certificate of Deposit Register.

(*g*) Paid Certificate of Deposit No. 1, issued M. P. Skipper on the 3d instant for $400.00.

**Note.**—Go to the Credit side of the Cash-book and debit "Certificates of Deposit," using for explanation, "Paid Certificate No. 1." Also mark it paid in the Certificate of Deposit Register.

(*h*) Received notice from First National Bank, Griffin, Ga., that A. H. Stevens' draft for $100.00 on Robert Martin had been paid. The Bank charged us 25 cts. for collection, and remitted us exchange on Montgomery, Ala. for the proceeds. We made an additional charge of 25 cts. for collection, and paid A. H. Stevens the proceeds, $99.50, in cash.

**Note.**—Credit "Collection and Exchange" on debit side of Cash-book for the 25 cts. collection charges received by us.

(*i*) The First College Bank of Augusta, Ga., wishing to use our Bank as a bank of deposit, have sent us by Southern Express Co. three thousand dollars ($3000.00), which was delivered to us to-day to be placed to their credit.

**Note.**—Give First College Bank, Augusta, Ga., credit in Cash-book for cash received.

Received the following letter from them containing checks, drafts, etc., as therein described, to be placed to their credit:

AUGUSTA, GA., January 2, 1897.

(Student's name) *Banking Co.*,

*Columbus, Ga.*

GENTLEMEN: Enclosed please find the following papers for credit:

| Our No. | Payer. | Payee. | Amount. |
|---|---|---|---|
| 2 | Graham Mer. Co., | R. J. Williams, | $178.75 |
| 3 | J. W. Dye, | W. J. Wise, | 138.50 |
| 4 | Kahn Mer. Co., | T. H. Phipps, | 33.08 |
| 5 | Barton Mer. Co., | R. M. Dozier, | 243.75 |
| 6 | Graham Mer. Co., | F. E. Lummus, | 573.50 |
| 7 | J. H. Howell, | L. H. Tonge, | 235.00 |
| 8 | A. J. Lederer, | E. T. LeBaron, | 200.00 |
| 9 | J. M. Latham, | J. J. Michler, | 100.00 |
| | | | 1702.58 |

Please acknowledge receipt of the same, and oblige,

Very truly yours,

FIRST COLLEGE BANK, Augusta, Ga.

J. L. MARTIN, Cashier.

**Note.**—Credit the First College Bank of Augusta, Ga., in the Cash-book, and use for explanation "Their letter of January 2, 1897."

(*j*) The following notes were discounted and proceeds credited: A sixty day note for W. A. Gulledge drawn by E. E. Johnson, for $300.00, favor W. A. Gulledge, and indorsed by W. A. Ross, as security; a ten day note for J. R. Buford, drawn by W. T. Mayo in favor of C. E. Du-Pont, for $240.00, and indorsed by him with full indorsement to Mr. Mayo.

**Note.**—Enter these notes in Discount Register and carry the proceeds to the dealer's credit in Deposit Ledger.

(*k*) I. M. Groves has this day paid his note which we discounted on the 3d inst., in cash.

**Note.**—Enter on debit side of Cash-book, crediting "Bills Discounted," and using for explanation "Bills Disc. No. 2," the number of the note in the Discount Register.

The following drafts were issued on Massey Banking Co., Jacksonville, Fla.: One to E. L. Greene, favor himself, for $300.00, exchange 75 cents; one to Miss Susie Bennett, favor Miss Kate McArdle for $100.00, exchange 25 cents.

**Note.**—Enter these on page for Massey Banking Co., in Draft Register.

## GUIDE FOR WORKING UP THE SECOND DAY'S WORK.

First we work up and prove the Deposit Ledger. The deposits made during the day have been entered in the column headed "Credits," and the checks paid have been entered in column headed "Debit Items" or "Checks in Detail." The next step is to add all of the checks paid for any one firm and, enter the amount opposite the firm's name in the column headed "Total Debits." Then com-

mence with the first name in the Depositors' Ledger and add the amount of the deposits of that day by that firm to the balance of the day before and subtract the amount of checks paid for that firm from this result and this will give the firm's balance in the Bank, which extend into the column headed "Balances." Continue in like manner with all of the accounts in this book. If any one should overdraw his account in the Bank, enter his overdraft in red ink in column headed "Balances."

In carrying out the balances for any day, if any balance for the day before is a red ink balance, to such red ink balance add the debit and subtract the credit.

Rule up all books and carry footings to Cash-book as directed in first day's work. Then post to Ledger, close accounts showing a loss or a gain into "Profit and Loss" account; then close "Profit and Loss" account into the "Surplus Fund" and "Reserved Profits" accounts, as directed at end of first day's work and take a Trial-balance.

JANUARY 5, 1897.

(*a*) Received the following deposits, as shown by deposit tickets on file;

| | | | |
|---|---|---|---|
| G. Salter | $125.00 | J. M. Latham | $ 50.00 |
| G. Y. Henry | 725.50 | W. G. Massey | 800.00 |
| Miller Inv't Co | 708.80 | C. F. Beutel | 208 80 |
| W. J. Wise | 75.50 | W. N. Philips | 400.00 |

**Note.**—Credit depositors in Depositors' Ledger.

(*b*) The following checks were paid during the day:—H. M. Clark, $78.00, $120.00, $140.00; G. Salter, $ 0.00, $68.00; R. M. Dozier, $61.25, $13.48; J. F. Tillman, $250.45, $86.75; J. M. Latham, $28.75, $16.25, $5.20; J. F. Hart, $70.00, $29.35, $48.70; D. E. Fuller, $28.90.

**Note.**—Debit depositors in Deposit Ledger.

(*c*) The following checks were certified: One for H. M. Clark for $1000.00, and one for G. Y. Henry, for $25.00.

**Note.**—Enter these in Depositor's Ledger, debiting the drawers of the checks and crediting "Certified Checks."

(*d*) We have this day paid the $450.00 check we certified for C. F. Beutel on the 4th inst.

**Note.**—Debit "Certified Checks" in the Deposit Ledger.

(*e*) We have this day discounted two notes for W. N. Philips, and placed the proceeds to his credit; one signed by Armel Marchand for $120.00, payable in 15 days after date, and dated Jan. 2, 1897, and one signed by C. P. Zaner for $240.00, payable twelve days after date, and dated Dec. 21, 1896.

**Note.**—Enter the proceeds of these notes to W. N. Philips' credit in the Deposit Ledger, that is, enter them opposite his name in column headed "Credits."

(*f*) The following papers were left for collection: A sight draft for $80.00 on the Graham Mer. Co., Jacksonville, Fla., drawn by C. C. Clark, and to be collected for him, and a sight draft for $65.30, drawn on the Reid Grocery Co., Montgomery, Ala., by J. L. Stephens, and left by him for collection.

**Note.**—Enter in Collection Register.

(*g*) We have forwarded C. C. Clark's draft on the Graham Mer. Co. to the Massey Banking Co., Jacksonville, Fla., with instructions to collect and place proceeds to our credit, and have sent J. L. Stephens' draft on the Reid Grocery Co. to First College Bank, Montgomery, Ala., and requested them to place the proceeds to our credit when collected.

**Note.**—Write letters sending these drafts for collection and keep a copy of each one.

(*h*) We have this day issued the following Certificates of Deposit: One to J. R. Dooner, in favor himself, for $1,200; one to W. M. Wagner, favor J. J. Hendrick for $235.00.

(*i*) Issued the following drafts on the First College Bank, Montgomery, Ala.: One to Miss Marion Tillman, favor the American Book Co., for $12.50, exchange 15 cts.; one to W. C. Stephens, favor himself, for $200.00, exchange 50 cts. Received his check on our Bank for amount of draft and exchange.

**Note.**—Enter drafts in Draft Register and enter W. C. Stephen's check in Deposit Ledger in column headed "Debit Items."

(*j*) Work up Deposit Ledger as instructed in second day's work. Rule up all books and post to Cash-book as directed in "Rules for Posting to Cash-book from Other Books." Then post from Cash-book to Ledger, close accounts showing losses and gains into "Profit and Loss" account, close "Profit and Loss" into "Surplus Fund" and "Reserved Profits" accounts and take a Trial-balance.

JANUARY 6, 1897.

(*a*) The following deposits were received to-day.

| | | | |
|---|---|---|---|
| S. S. Hoover..... | $ 100.10. | W. C. Stephens..... | $ 99.25. |
| J. F. Hart..... | 250.00. | W. G. Massey..... | 128.43. |
| J. M. Latham.... | 300 00. | H. M. Clark..... | 924.00. |
| W. J. Wise ..... | 128.35. | C. W. Dill..... | 850.00. |
| R. M. Dozier..... | 1,200.00. | | |

**Note.**—Enter in Depositors' Ledger, crediting the persons depositing.

(*b*) The following checks were paid to-day: S. S. Hoover, $10.25, $19.20; J. M. Latham, $24.00; W. C. Stephens, $54.30, $1.40; H. M. Clark, $80.00, $75.00; C. W. Dill, $230.45, $10.75; W. G. Massey, $30.00, $14.25.

**Note.**—Enter in Depositors' Ledger, debiting the depositors.

(*c*) Certified a check for $20.00 for C. W. Dill.

**Note.**—Enter in Depositors' Ledger, debiting C. W. Dill and crediting "Certified Checks."

(*d*) Paid check certified for G. Y. Henry on 5th instant. Amount of check $25.00.

**Note.**—Charge "Certified Checks" in Depositors' Ledger for amount of check.

(*e*) The notes discounted during day are as follows: One for Alexis Marchand, drawn by Wm. Layne, for $200.00, payable ten days after date, and dated January 5th, the proceeds of which we paid in cash; one for C. F. Beutel, signed by himself, for $240.00, payable thirty days after date, January 6, 1897, the proceeds of which we place to his credit. Rate of discount in each case was 7%.

**Note.**—Enter in Discount Register and carry proceeds of note discounted for C. F. Beutel to his credit in Depositors' Ledger.

(*f*) Received notice from the Massey Banking Co.,

Jacksonville, Fla., that C. C. Clark's draft for $80.00 on Graham Mer. Co. had been paid and proceeds placed to our credit. Being our correspondent, they make no charge for collecting same. We charge C. C. Clark 25 cts. for collecting same and pay him the proceeds in cash.

**Note.**—Charge Massey Banking Co., Jacksonville, Fla., for amount of draft, $80.00, in Cash-book on credit side, and credit "Collection and Exchange" for amount we charged for collecting same on the debit side of Cash-book.

(*g*) Issued a Certificate of Deposit to J. M. Latham for $200.00, receiving cash for same.

**Note.**—Enter in Certificate of Deposit Book.

(*h*) Have this day paid the following drafts drawn on us by the First College Bank, Augusta, Ga.: No. 2 for $75.00, No. 4, $90.00; No. 5, $100.00.

**Note.**—Charge these to bank drawing them and using for explanation, "Paid their draft No. —— drawn on us."

(*i*) Remitted the following foreign check received during the day, to Massey Banking Co., for credit: A personal check drawn by C. A. Miller, for $200.00, on First National Bank, Bowling Green, Fla., in favor of E. L. Greene, and indorsed by him.

**Note.**—Enter this in Remittance Register on page headed "Drafts, etc. remitted to Massey Banking Co., Jacksonville, Fla."

(*j*) Work up Deposit Ledger. Rule up all books and post Cash-book. Post from Cash-book to Ledger. Close accounts showing losses and gains into "Profit and Loss" account; then close "Profit and Loss" account into "Surplus Fund" and "Reserved Profits" accounts, and take a Trial-balance.

JANUARY 7, 1897.

(*a*) The following deposits were made during the day:

| | | | |
|---|---|---|---|
| G. Y. Henry | $ 50.00. | J. M. Latham | $ 75.50. |
| W. J. Wise | 840.00. | C. F. Beutel | 230.40. |
| C. W. Dill | 249.50. | W. N. Philips | 75.10. |

**Note.**—Credit depositors in Deposit Ledger.

(*b*) Checks as follows were paid: H. M. Clark, $28.00, $96.50; C. W. Dill, $40.50; G. Y. Henry, $30 20, $76.45;

W. C. Stephens, $33.25, $80.35; S. S. Hoover, $20.55; R. M. Dozier, $86.26.

**Note.**—Enter in "Debit Items" column in Deposit Ledger.

(*c*) The following foreign draft was received during the day and was remitted to First College Bank, Montgomery, Ala., to be placed to our credit: Draft No. 759, drawn by the Corning State Bank, Corning, Iowa, on the Fourth National Bank of Chicago, for $1850.65, and indorsed by A. A. Marchand.

**Note.**—Enter in Remittance Register on page headed "Drafts etc., remitted to First College Bank, Montgomery, Ala."

(*d*) The draft left for collection by J. L. Stephens, and drawn on the Reid Grocery Co., Montgomery, Ala., was to-day returned dishonored, and we have returned same to Mr. Stephens.

**Note.**—Mark word "Dishonored" in column headed "Remarks" in Collection Register.

(*e*) Certified a check for $50.00 for S. S. Hoover.

**Note.**—Charge Mr. Hoover and credit "Certified Checks" in the Depositors' Ledger.

(*f*) Paid check certified for C. W. Dill on 6th inst. in cash, $20.00.

**Note.**—Charge "Certified Checks" in Depositors' Ledger.

(*g*) Work up Deposit Ledger. Rule up all books and post to Cash-book. Post from Cash-book to Ledger, close all accounts showing losses and gains into "Profit and Loss" account; then close "Profit and Loss" account into "Surplus Fund" and "Reserved Profit" accounts and make a Trial-balance.

Hand in all books to teacher for examination.

## EXAMINATION RECORD FOR PRACTICE WORK IN BANKING.

Time commenced.....

Time finished.....

### GRADE.

Cash-book, - - - - - - - - ..... %

Ledger. - - - - - - - - - - ..... %

Deposit Ledger, - - - - - - - - ..... %

Discount Register, - - - - - - - - ..... %

Remittance Register, - - - - - - - ..... %

Draft Register, - - - - - - - - ..... %

Collection Register, - - - - - - - ..... %

Certificate of Deposit Book, - - - - - ..... %

Trial-balance, - - - - - - - - ..... %

Questions, - - - - - - - - - ..... %

Examined by.....Teacher.

# Commercial Words and Phrases.

Acceptance.—Agreeing to the terms proposed; the acceptor's name written on the face of a bill of exchange or draft, usually with the word "Accepted."

Accommodation Paper.—Notes or acceptance drawn for the purpose of being discounted, and not founded on an actual sale of goods.

Account Current.—A running account.

Account Sales.—An itemized statement of sales and expenses, sent by a commission merchant to his principal.

Accrued.—Interest accumulated and unpaid.

Acknowledge.—In commercial correspondence, the term by which the receipt of a letter, remittance, or order, is admitted.

Acknowledgment.—A formal admission made before an officer, that the act described was voluntarily done.

Administrator.—One that is appointed by the court to settle an estate.

Ad Valorem.—According to value. A custom house term

Affidavit.—A written declaration under oath.

Appraisal.—The act of placing a value on goods.

Arbitration.—The adjustment of disputed point by a person or persons chosen by the parties in dispute.

Assets.—A term commonly used in trade to designate the funds, property, or effects, that is, the stock in trade, cash, and all the available property of a merchant, in contradistinction to his liabilities or obligations.

Assignee.—A person to whom the property of a bankrupt or an insolvent debtor is transferred for the benefit of the insolvent's creditors.

Assignment.—The act of transferring property to the assignee.

Attachment.—A warrant for the purpose of seizing a man's property.

Auditor.—An officer appointed by the government, or by any corporation, to examine claims upon the treasury, and to investigate the treasurer's accounts.

Auxiliary.—Applied to various account books that are kept as aids to the principal books.

Balance of Trade.—The difference between the value of the commercial imports and exports of any country.

Bank Bills or Notes.—Promissory notes printed by the government and issued by national banks, payable on demand, and used as money.

Bankrupt.—One who is unable to pay his debts.

Bill of Exchange.—An order for the payment of money, usually drawn on a person living in a foreign country, the term draft being used to designate bills that are payable in the same country in which they are drawn.

Bill of Lading.—A written account of goods shipped and the conditions of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt.

BILL OF SALE.—A writing given by the seller to the buyer, transferring the ownership of personal property.

BOARD OF TRADE.—An association of business men for the regulation and advancement of commercial interests.

BONDED GOODS.—Those which are stored in a bonded warehouse, or in bonded cars, the owner having given bonds securing the payment of import duties, or of internal revenues, upon their removal, or their arrival at some inland city of entry, and before a specified time.

BONUS.—A premium given on a loan, or for any favor shown.

BULLION.—Uncoined gold or silver.

BUSINESS.—Exchange of commodities and of commercial values. Also a term representing one's occupation.

CAPITAL.—The investment in business.

CASH SALES.—The sales made for ready money in contradistinction to sales on which credit is given.

CERTIFICATE.—A written voucher attesting to some fact, as a certificate of deposit, a certificate of stock.

CERTIFIED CHECK.—One which has been certified or accepted by the bank on which it is drawn, making the bank responsible for its payment.

CHARTER.—A paper from government defining the rights and privileges of corporations. To hire or let an instrument of transportation; as, a ship, a railway car.

CHATTEL.—Any kind of property except real estate, as, merchandise, notes and accounts, animals, leases of real estate, etc.

CHECK.—An order on a bank drawn by a depositor.

CLEARING-HOUSE.—A kind of banking exchange, established in some of the large cities for the convenience of daily settlements.

COLLATERALS.—Pledges of stocks, notes, or chattels, for security of loans and other indebtedness.

COMMERCIAL PAPER.—Bills of exchange, drafts, and notes, given in the course of trade.

COMMISSION.—A percentage given for the sale or purchase of goods, or the transaction of other business.

COMMON LAW.—Law based upon the precedent of usage, and not contained in the statutes enacted by legislative bodies.

COMPANY.—A corporation. A term used in a firm name to designate other partners whose names are not given.

COMPOUND, OR COMPROMISE.—To settle a claim by paying or receiving only a part of the amount. To agree upon a settlement based upon mutual concessions.

CONSIGNEE.—One to whom goods are sent.

CONSUL.—An agent for a government, residing at a seaport in a foreign country, and guarding the commercial interests of his own country.

CONTRA.—On the opposite side.

COPYRIGHT.—The right granted by government to an author to control the publication of any book or work.

COUNTERFEIT.—A spurious bank bill; a forgery.

COUNTING-ROOM.—A room in which merchants keep their accounts and transact business.

COUPON.—An interest note or a certificate attached to a bond which is cut off from the bond and collected when due.

COURSE OF EXCHANGE.—The sum merchants pay for bills of exchange to enable them to make remittances from one country to another.

CREDENTIALS.—Testimonials giving authority.

CREDITOR.—One giving credit; one whom we owe.

CURRENCY.—The paper money or the coin which constitutes the circulating medium of a country; that which passes for money in a country.

DAYS OF GRACE.—Negotiable promissory notes or bills of exchange payable at a certain time are entitled to three days' delay beyond the time expressed, which are called days of grace, unless "without grace" is expressed on the paper.

DEBTOR.—One who owes a debt.

DEED.—A written contract under seal, usually transferring the ownership of real estate.

DEFALCATION.—Deduction or discount. Embezzlement of money by an officer having it in charge.

DEPOSIT.—To commit to the care of another; especially to place money in bank subject to our order.

DISHONOR.—A failure to pay an obligation when due. A failure to accept a draft when presented for acceptance.

DIVIDEND.—The portion allotted to each stockholder in the division of profits.

DOWER.—The right of a widow to a life interest in one-third of all the real estate owned by her husband at any time after their marriage.

DUE-BILL.—A brief, written acknowledgment of a debt, having the effect of a promissory note.

DUNNING.—Soliciting payment for debt.

EARNEST.—Part of purchase money paid, or part of goods delivered to bind a verbal contract.

EMBEZZLEMENT.—A fraudulent appropriation of money entrusted to one's care.

EMPORIUM.—A commercial center.

ENDORSE, OR INDORSE.—To write one's name on the back of a commercial paper.

ENGROSS.—To copy in manuscript.

EQUITY.—The science of right and justice, which often corrects the application of law in a particular case.

EXCHANGE.—The giving of one value for another.

EXECUTION.—A written direction given to an officer authorizing him to enforce a judgment. The act of signing and sealing a legal iustrument.

FACSIMILE.—An exact copy.

FEE SIMPLE.—The absolute ownership of real estate.

FINANCIER.—One having charge of the public revenues. One skilled in money matters.

FISCAL.—Pertaining to the public treasury or revenue.

FIXTURES.—The furnishings of a store or office that are not movable.

FOLIO.—The page of an account book.

FOOTING.—The amount of a column of figures.

FORGERY.—The act of fraudulently writing or altering a written document.

FREE TRADE.—Commerce between nations unrestricted by duties or tariff regulations.

FREIGHT.—Merchandise being transported. The price paid for transportation.

GAUGING.—The process of measuring the contents of casks.

GOOD WILL.—The reputation and patronage that pertains to an established business.

GREENBACKS.—United States notes, as distinct from national bank notes.

GROSS WEIGHT.—Weight of merchandise, including the case or wrapping.

GUARANTEE, OR GUARANTY.—A surety for the performance of a contract, in case the party making the contract fails to keep it.

HONOR.—To accept a draft, or to pay it when due.

INDEMNITY.—Security against loss, such as may occur, or has occurred, by reason of some particular or specified event, as in case of ordinary insurance against loss by fire, etc.

INDENTURE.—A mutual agreement in writing between two or more parties.

INDORSEMENT.—A writing on the back of any commercial paper.

INFRINGEMENT.—To trespass upon the rights of another, especially when granted some special right by law, such as a copyright, a patent, or a trademark.

INJUNCTION.—A writ or process by which a party is required to do or to refrain from doing a special act.

I. O. U.—I owe you—an acknowledgment of indebtedness.

INSOLVENCY.—The condition of one who is unable to pay his debts or meet his commercial obligations.

INSTALLMENT.—Part of a sum of money paid or to be paid.

INSTANT.—Referring to the present month.

INTESTATE.—Dying without having made a will.

INVENTORY.—A schedule or list of the goods, wares and merchandise generally, credits and assets of a merchant, made out in minute detail, each article being set down separately, and separately valued, usually, according to its then cash value.

INVOICE.—An itemized bill of merchandise bought, sold or shipped.

JOBBER.—A wholesale merchant who buys goods from the importers and manufacturers, and sells to country or other merchants and to retailers.

JOINT STOCK.—Property held in common by a company of men, each of whom is called a stockholder.

JUDGMENT.—The decree of a court enforcing a contract or redressing a wrong.

LEASE.—The letting of land and other property for hire. The contract for such letting, usually written, but sometimes verbal when the contract terminates within a year.

LEGACY.—A gift of property by will.

LEGAL TENDER.—That kind of money which legally can be offered in payment of a debt.

LETTER OF CREDIT.—A letter, usually addressed to banking houses in foreign cities, authorizing the holder to receive credit for a stated amount. They are used mainly by travelers.

LIABILITIES.—The pecuniary obligations of a merchant, which includes his bills payable and all his other debts.

LICENSE.—Permission or liberty to prosecute business or to sell.

LIQUIDATE.—To pay or settle a claim.